

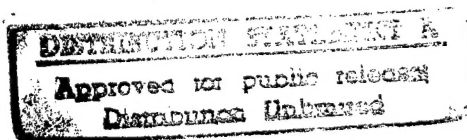


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# ***JPRS Report***

## **East Asia**

***Southeast Asia***  
***Vietnam: TAP CHI CONG SAN***  
***No 3, March 1992***



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# East Asia

## Southeast Asia

### Vietnam: TAP CHI CONG SAN

### No 3, March 1992

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28 July 1992

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## The Revolutionary and Scientific Nature of Marxism-Leninism

923E0010A Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 92 pp 3-7

[Article by Lieutenant General Le Xuan Luu, instructor and director of the Military Political Academy]

[Text] Marxism-Leninism is a science on the laws of development of nature, society, and thinking. It is a science on the revolution by the oppressed and exploited masses and on the construction of a just, free, and happy society for each person and a socialist and communist society. This science was started by Marx and Engels. Lenin defended and expanded this science, and President Ho Chi Minh and revolutionary leaders throughout the world applied it creatively to the realities of each country.

For more than half a century, since it came into being, Marxism-Leninism has maintained its vitality and manifested a powerful effect on the development of human society unlike any other theory. Even though the world's path of development is very winding as is evident today, the basic laws generalized by Marxism-Leninism must still be obeyed.

Looking back in history, we can see that the basic principles of Marxism-Leninism provided a bright light for the revolutionary processes. The development processes of the world in the past century have proven that these principles are correct. Today, they are still quite vital if we adhere firmly to their revolutionary and scientific nature.

The basic issues of Marxist-Leninist theory are: the world view and methodology of dialectical materialism and historical materialism; the theory that surplus value exposes the exploitative nature of capitalism; the theory on the basic conflicts of capitalism and the laws on the birth, growth, and death of that society; the theory on class struggle as the motive force for the growth of a society with antagonistic classes; the theory on imperialism, the historical mission of the working class, the role of the communist party in leading the socialist revolution, the dictatorship of the proletariat, international proletarianism, and the national liberation movement; and the theory on defending the socialist fatherland and a new-style party of the working class.

The Communist Party of Vietnam has affirmed that these are still correct and accurate issues. Thus, our party has decided to use Marxism-Leninism and Ho Chi Minh thought as its ideological foundation.

However, the enemy is now trying to distort the basic issues of Marxism-Leninism mentioned above in every way possible. There are many aspects to those distortions, but there are basically two main arguments:

a. Marxism-Leninism is an ideological system that manifests the position of the working class. It is a theory that starts from the class struggle of the proletariat against the bourgeoisie. Because of this, it is not an objective ideological system.

b. Marxism-Leninism belongs to history, a history that is far in the past. It is a product of the 19th Century, a product

that came into being almost 150 years ago, and so how could it serve as a compass for our actions today? No matter how profound a theory is, it is not an eternal truth that people can always use as their ideological system.

Is this true? No! Because:

First, Marxism-Leninism is an objective and scientific theory. It has always openly admitted that it is an ideological system of the working class and a theoretical system to illuminate the way for the struggle by the proletariat and oppressed and exploited working people and to guide the building of socialism and communism. But the target of that struggle is not just to liberate the proletariat but also to free man from the hired-labor slave system and eliminate the system of private ownership, which is the source of oppression and exploitation. This struggle is still aimed at building a new society in which the people are the real masters of society and the country.

Marxism-Leninism is not a unique product of the classicists. It is not an ideological system that arose outside the development of human thinking. It has inherited the ideological achievements of man in the social and natural sciences. It generalizes the objective movements of history since human society first appeared until today. It has attracted the newest achievements of other sciences, and it has been supplemented by reviewing the practices of the communist and international workers movements. It has never been a closed system. With the theoretical core being the law of dialectical materialism, its nature is one of profound criticism. Its birth and development stem from criticism of other erroneous counter-scientific currents and from self-criticism.

Second, the vitality of Marxism-Leninism stems from its revolutionary and scientific nature. The length of time, whether short or long, cannot be used to determine its existence and say that it was suited only to the 19th Century and beginning of the 20th Century and that it is now outdated. As everyone knows, Euclidean geometry has been in use for several thousand years. Newtonian mechanics came into being several centuries ago. Darwin's theory of evolution and the law of conservation and transformation of energy came into being in the 19th Century. But to date, no one has consigned those theories to the museum of history!

It's true that the present age has witnessed many changes, but those changes have not weakened the vitality of Marxism-Leninism. And these changes have not eliminated the gap between the rich and the poor in human society or the class divisions in society. There is still class and national oppression, and this has become even more subtle and evil. Thus, Marxist-Leninism theory is still a torch illuminating the way for us and the ideological foundation of communist parties. The only thing is that communists must avoid being dogmatic when applying this theory to the realities of each country and different historical stages.

Marxism-Leninism will never be a lifeless theory. It moves and develops along with the movement and development of society. Thus, when affirming the correctness of Marxism-Leninism, we cannot deny that in the imposing storehouse of the classicists, there may be general arguments based on

the practices of the previous century that have now been overtaken by history. This is easy to understand, because Marxism-Leninism is a concept of society that arose during the previous century and so it will necessarily bear the marks of that historical period. Thus, the important thing is that we must start from the changed practices of history to find ways to concretely illuminate those things in Marxism-Leninism that are eternal and those things that are limited by the age in which they first appeared. In the Communist Manifesto, Marx and Engels taught us that "people must be very clear-sighted if they are to understand that the ideas, viewpoints, and generalizations of people are, in short, the concepts of people and that these change along with the changes that take place in the conditions of life, in social relationships, and in the social life of people." [Footnote 1] [Marx and Engels, "Selected Works," Su That Publishing House, Hanoi, 1980, volume 1, page 566]

Lenin, when talking about Marxism, said that Marxism is not a lifeless dogma or perfect, immutable theory but a bright compass for action. Because of this, it must reflect the powerful changes in social conditions. [Footnote 2] [Lenin, "Collected Works," Progress Publishing House, Moscow, 1978, volume 4, page 232] Lenin left us a model on the creative development of Marxist theory. When studying capitalism during the imperialist stage, Lenin arrived at the conclusion that the socialist revolution could win its first victory in a number of countries or even in one country. Lenin supplemented Marxist theory on the nationalities and colonial issues and supplemented the slogans of Marx and Engels with the slogan "the workers of the world and all oppressed nations must unite." Lenin's New Economic Policy was a creative development of the ideas of Marx on socialist construction during the transitional period and the application of those views to the practices of Russia, a capitalist country of average development.

The thoughts of President Ho Chi Minh on the national democratic revolution in the present period, on the line on raising two banners and tying national independence to socialism, on an armed uprising and revolution war in Vietnam, on the relationship between colonial revolution and "national" revolution, on the ability of the colonial revolution to win victory before the "national" revolution, and on the construction of a party in a colonial and semi-feudal country are examples of the brilliant application of Marxism-Leninism to Vietnamese revolutionary realities.

Today, under the light of reality, we have a responsibility to find those things in Marxism-Leninism that are limited by history. This is a very difficult but necessary task, because this is a requirement stemming from the revolutionary and scientific nature of Marxism-Leninism. This manifests the serious attitude of later generations in creatively implementing the teachings of the classicists.

This includes the following issues:

1. The entire economic theory of Marx stems from an analysis of the conflicts of the capitalist means of production. From this analysis, Marx arrived at conclusions on the need to replace capitalism with communism. On history,

Marx said that "The final hour of the capitalist system of private ownership is at hand. Those who have lived at the expense of others will be disfranchised. [Footnote 3] [Marx and Engels, "Selected Works," Su That Publishing House, Hanoi, 1982, volume 3, page 594]

When studying imperialism, Lenin pointed out that that was a dead-end stage of capitalism.

But today, capitalism is undergoing changes that are different from when Marx studied capitalism. When Marx drew an abstraction of the capitalist means of production, capitalism was the only system in the world. Socialism had not yet appeared and had not yet become a system, and capitalism did not have to bear the effects of this powerful new social system.

In the periods when Marx and Lenin studied capitalism, science and technology were not as developed as they are today. It is this development that has rescued capitalism from quick annihilation and enabled modern capitalism to make adjustments in order to survive and continue to develop.

Clearly, because of the historical limitations, the classicists could not predict capitalism's ability to adjust itself. And the limitations of those historical predictions have led to impatience among communists of a later time.

2. When putting forth the laws of socialism to replace the laws of capitalism in the highly-developed capitalist countries, Marx mentioned only the final target of the socialist revolution, the elimination of the system of private ownership. He did not mention the form, speed, or steps of socialist transformation in order to eliminate the system of private ownership.

Also, Marx' predictions do not adequately and clearly give a place to commodity production or a market mechanism in a socialist society. To date, there has never been a successful socialist revolution in a developed capitalist country in order to show how socialist transformation takes place or what the existence of commodity production is like. Socialism has appeared in underdeveloped countries and in places where the revolutionary situation has allowed the proletarian class to lead the revolution and seize power. The realities of today show that during the transitional period and during the first stage of socialism, commodity production and a market mechanism, along with the existence of many economic elements, are necessary in order to resolve the countless economic and social relationships. These are necessary solutions when bureaucratic centralism is still a problem and when socialism must still overcome individualism and the private interests of individuals, people whose personalities were formed a long time ago in conditions of "private ownership." This psychological state will continue to survive for a long time after the revolution and after activities to socialize private ownership.

There are many other problems that we must continue to study.



The soul of Marxism-Leninism is concrete analysis of specific situations. The vitality of Marxism-Leninism is creativity. If people do not analyze specific situations concretely in order to use this creatively and to supplement and develop it and instead apply it in a dogmatic and mechanical way even though reality has changed, that is contrary to the revolutionary and scientific nature of Marxism-Leninism. That will crush it. The immediate problems facing us are as follows:

In the face of the changes of the present age and the general trends of man, in the present revolutionary struggle, on one hand we must adhere to the viewpoint of violence and be prepared to deal with war and, above all, the plots on peaceful change and destruction. On the other hand, we must regard the struggle for peace and cooperation as a very important task.

At a time when the scientific and technical revolution is developing like a storm and economic life is being highly internationalized, the socialist countries cannot shut the door to socialist construction but must participate in the division of labor and international cooperation, expand economic relations with all countries, open the door to compete for capital and advanced technology, and study the experiences in order to build socialism. In these conditions, building real economic strength must be placed in a strategic position and viewed as one the leading tasks. This must be viewed as a matter of survival and as the lesson of all lessons. The entire contents of our domestic and foreign lines must be aimed at supporting the central task, which is to build and develop our economy and society.

In the national democratic revolution, we used the worker-peasant alliance as the foundation for a united national front. Today, in the socialist revolution, now that science and technology have become direct production forces, the foundation of this front must be an alliance among the working class, the peasant class, and the intellectuals.

Today, now that the role of the intellectuals in the construction movement is completely different from what it was before, the most effective investment guideline is to invest in building men. This requires that we have a cultural and educational development strategy, raise the people's standard of culture, and train talented people in order to satisfy the requirements of socialist construction.

Disregarding the changes of the age and applying Marxism-Leninism in a dogmatic and mechanical manner is not being loyal to Marxism-Leninism. This loyalty must be manifested by using this theory creatively and by supplementing and developing it. This means that communists must adhere to reality and, based on the new practices, supplement Marxism-Leninism with new conclusions. It is even possible to reject views that were previously correct in past conditions but that are no longer appropriate.

Furthermore, Marxism-Leninism does not provide pre-existing answers to all the problems of the revolution that could arise later on. Even though they were great geniuses, the classicists could only draw conclusions and make predictions as reality allowed. With a scientific basis, predictions about the movement and development of society, a

living organism consisting of an infrastructure and superstructure, can only indicate the direction of movement of things. Thus, the classicists did not try to design a concrete model for future society using arguments filled with technical aspects. They advised us to do that given the realities of the process of socialist construction.

Marx, Engels, and Lenin were revolutionaries and scientists. But some people have unintentionally turned them into diviners and sages, thereby destroying the prestige of Marxism-Leninism.

Naturally, if people fail to grasp the revolutionary and scientific nature of Marxism-Leninism, with the result that mistakes are made in trying to solve the problems of the revolution, it is only natural that they will go to another extreme, that is, they will begin to doubt Marxism-Leninism.

The main mistake of a number of communists is that they have divorced Marxist-Leninist theory from reality and severed its relationship with the changes of the age and real conditions of the revolution in the country. Because of this, instead of being a compass for action, Marxism-Leninism has been turned into dry dogmas. This is why the socialist model that we have constructed contains errors. This model contains many shortcomings and cannot manifest the superior nature of scientific socialism. Thus, we have implemented a reform and renovation movement in order to gain a deeper understanding of Marxism-Leninism, overcome manifestations of "leftist" voluntarism and dogmatism, return to the correct principles and viewpoints of Marxism-Leninism, and develop them in the new historical conditions. However, reform and renovation are definitely not a rejection of Marxism-Leninism. This does not mean replacing the basic principles of Marxism-Leninism with opportunistic and revisionist arguments.

The sluggishness and recent difficulties of the socialist countries and the collapse of socialism in a number of countries do not mean that Marxism-Leninism is "wrong" or "outdated." These things stem from viewpoints contrary to the revolutionary and scientific nature of Marxism-Leninism. They are the consequence of having moved away from and abandoned the laws and principles of scientific socialism and replacing this with democratic socialism, which is a form of opportunism.

Renovation does not mean doubting the superiority of socialism and moving off the path of socialist revolution, which is the path chosen by the party, President Ho, and our people. Renovation must be carried on under the light of Marxism-Leninism and with a thorough understanding of the revolutionary and scientific nature of Marxism-Leninism, applying it creatively to reality and constantly supplementing and developing it in order to constantly enrich it and make it vital in order to find effective ways and measures to build socialism even better and faster.

Clearly, in places that know how to overcome the remoteness from the revolutionary and scientific nature of Marxism-Leninism, the revolution will be strong. But in places that abandon this, socialism will collapse. The replacement of Marxism-Leninism by democratic socialism and the

effects of imperialism are the reasons for the collapse of many socialist countries. Here, it must be stressed that this collapse stems mainly from internal causes. If the communist party is really strong and does not allow opportunists to control things, regardless of what they do, imperialism and the outside reactionary forces will not be able to carry out their plot to topple socialism from the inside. The main lesson to be learned is that attention must be given to party building. The party must be absolutely faithful to Marxism-Leninism, adhere to the revolutionary and scientific nature of this, apply this creatively to the revolutionary realities of each country, and develop this in the new historical conditions. These are the leading factors that will determine the success of the socialist revolution. Identifying democratic socialism and the "peaceful change" plot of imperialism and resolutely opposing these are the pressing tasks of true communists in the present historical stage.

### **To Make Ho Chi Minh Thought Truly a Guide for Action**

923E0010B Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 92 pp 8-10, 13

[Article by Song Thanh, director of the Ho Chi Minh Institute, Marxist-Leninist Institute]

[Text] The seventh national congress of party delegates held in June 1991 wrote in its program and statutes that "the party uses Marxism-Leninism and Ho Chi Minh Thought as its ideological foundation and compass for action."

This is a decision of historical importance. Not only does this have the meaning of a declaration in the struggle to preserve and defend the correct principles of Marxism-Leninism in the face of rejection by opportunism of various colors but it also affirms the party's growth in terms of independent theoretical thinking and confirms the value of Ho Chi Minh thought in the struggle for peace, national independence, democracy, and socialism in the present age.

Like every new thing, Ho Chi Minh thought was not immediately accepted and affirmed. After many years and after undergoing many tests in the realities of our party's revolutionary struggle, Ho Chi Minh thought finally established a leading position and became the ideology of the entire party.

The matter of studying the thoughts, ethics, and conduct of Ho Chi Minh was posed for the first time at the second national congress of party delegates held in February 1951. In his speech opening the congress, after praising the merits and work of President Ho Chi Minh with respect to the party and nation, Ton Duc Thang affirmed: the political line, work methods, and revolutionary morals of the party today are the lines, conduct, and morals of President Ho. The entire party must make an effort to study the political line, conduct, and revolutionary morals of President Ho. Such study is a prerequisite for having a strong party and enabling the revolution to quickly win total victory.

Thus, the second congress posed the issue of studying Ho Chi Minh thought in a basic and systematic manner in accord with its importance. This includes lines, morals, and

conduct. At the same time, it stressed that this is a precondition for ensuring the victory of the revolution.

After the second congress, Truong Chinh (who was then general secretary of the party) wrote an article titled "President Ho, the Founder, Trainer, and Leader of Our Party" that was published in the 11 March 1951 issue of NHAN DAN. This article was the first very valuable summary of the ideas, morals, methods, and character of Ho Chi Minh that presented new and profound discoveries. This was a major contribution to the training activities of the party and to the formation of a new generation of cadres and party members—the Ho Chi Minh generation—who were resolved to improve and train in accord with the ideals and ethics of President Ho.

President Ho died in 1969. The "Last Tribute" of the Party Central Committee read by Le Duan (who was then the general secretary of the party) at the ceremony in memory of President Ho made five vows. The fifth vow stated: "All our life to learn from his virtues and style of work, to foster revolutionary virtues, fearlessly face hardships and sacrifices, to temper ourselves into fighters loyal to the party and the people, worthy of being the comrades and disciples of President Ho." [Footnote 1] [HOC TAP, Special Issue, September 1969, page 29]

At the Fourth National Congress of Party Delegates held in December 1976, the slogan "Live, fight, work, and study based on the example of our great President Ho" was raised as a struggle guideline for the entire party and for the youths and people.

At the fifth national congress of party delegates held in March 1982, for the first time in many years, the report on party building posed the matter in a comprehensive way: "The party must give special attention to organizing the systematic study of the thoughts, morals, and conduct of President Ho Chi Minh throughout the party." [Footnote 2] ["Report on Party Building by the Party Central Committee at the Fifth National Congress of Delegates," March 1982, page 55]

Just prior to the sixth national congress of party delegates, because of objective difficulties and long-standing subjective mistakes, our country's economy and society fell into an unprecedented crisis, and renovation became a pressing requirement and a condition for survival. In a speech at the conference of cadres to study the draft Political Report to be presented at the sixth congress, Truong Chinh appealed to people to return to the ideas of President Ho: "...the strength of a country and of the revolution is the people. In order to truly manifest the ownership rights of the laboring people, the people must be trusted, and every position and policy must use the people as the root." [Footnote 3] [NHAN DAN 26 July 1986] This old lesson, which was mentioned at the right time, was joyously welcomed by the people as a new discovery, because it satisfies the needs, emotions, and hopes of the people.

Based on a spirit of renovation, at the sixth congress, the party bravely engaged in self-criticism and criticism, mentioned the motto of "facing the truth squarely, evaluating the facts correctly, and speaking the truth." Reviewing the

practices of the past period, the congress derived four main lessons. According to Nguyen Van Linh (the general secretary of the party during the sixth term), these four lessons mainly concern thoroughly understanding the ideas of President Ho. He affirmed that "the ideas of President Ho Chi Minh have become the light and strength for our renovation work." [Footnote 4] [Nguyen Van Linh, "President Ho Will Live Forever in His Homeland," Su That Publishing House, Hanoi, 1990, page 20] Explaining the matter of Ho Chi Minh thought at the seventh party congress, Nguyen Van Linh said: "For all Vietnamese, Ho Chi Minh thought is something immediate. It is tied to the people's boundless love for President Ho because of his great merit and pure revolutionary virtues. Thus, talking about Ho Chi Minh thought is in accord with the revolutionary realities in the country and with the feelings and aspirations of the entire party and all the people. [Footnote 5] ["Minutes of the Seventh National Congress of Party Delegates," Su That Publishing House, Hanoi, 1991, page 128]

Thus, ever since it first came into being in 1925 and manifested an effect in guiding the Vietnamese revolution, Ho Chi Minh thought, which has passed through many challenges during the past 60 years, has shown its vitality, correct scientific nature, and revolutionary creativity. It is recognized as the banner of solidarity, struggle, and victory of the Vietnamese revolution in the past, the present, and the future.

So that Ho Chi Minh thought, along with Marxism-Leninism, really becomes the ideological foundation and compass for action of the entire party and all of society, our theoretical research must urgently clarify the following main questions:

What is Ho Chi Minh thought?

How was Chi Minh thought formed and how did it develop and through how many periods?

Which historical sources contributed to the formation of Ho Chi Minh as a thinker with his credentials as an Eastern Marxist? (Explain what made Ho Chi Minh completely different from other communist thinkers.)

How many elements are included in Ho Chi Minh thought, and what is the structure of each element? In establishing a system of Ho Chi Minh political thought, which basic ideas are included?

Ho Chi Minh thought does not contain any mistakes, but are there any limitations? What are those shortcomings? How can we inherit and develop Ho Chi Minh thought in the new historical conditions?

These are important questions that cannot be answered immediately. And finding answers is not the work of one research institute or one group of people.

During the past several decades, especially since President Ho died, research on Ho Chi Minh has expanded broadly. Many documents, books, and articles about his life, work,

ideas, morals, and conduct have been written and published. Among these are many valuable works, particularly the works by party and state leaders and by international friends.

Various sectors, circles, and localities have done research and compiled data on President Ho that concern their sector or locality so that they can study and thoroughly understand these and apply them in actual activities and work.

These works have made notable contributions to the ideological-theoretical and propaganda-educational work of the party and state. At the same time, the results of the above studies have created an important foundation for the formation of a Ho Chi Minh research branch, a new branch of social science in our country.

However, these research results still have many limitations. There is no long-term project having unified and close guidance. Such research is used mainly to serve the major anniversaries and traditional activities of the sectors and localities. Attention has been focused mainly on biographical-work studies. There are a lack of ideological-theoretical studies of a general, systematic and profound nature.

In order to overcome the above shortcomings, the state recently implemented a state-level scientific research project on Ho Chi Minh thought consisting of 11 topics. The Marxist-Leninist Institute was put in charge of this. It is responsible for coordinating things with scientists throughout the country in order to carry on valuable scientific projects worthy of the stature of this leader and to satisfy domestic and foreign requirements.

The targets of this program are as follows:

To systematically study the life, work, and works of Ho Chi Minh in order to begin to establish a system of Ho Chi Minh theoretical thought and methodology and form a basis for studying all aspects of Ho Chi Minh thought in later stages.

To establish a research methodology concerning President Ho Chi Minh, enable Ho Chi Minh research to be carried on in a scientific way, and overcome manifestations of empiricism, emotionalism, deductive methods, and subjectivism.

To select and solve a number of pressing problems to support the requirements of renovation and contribute to implementing the economic and social program and strategy of the party and state from now until the year 2000.

Naturally, studies on Ho Chi Minh in the new stage must inherit the research achievements of previous stages, but they must not repeat past results. Using new materials and new methods, this work must strive to create many valuable collective and individual works that review things in depth, that are of high theoretical generality, and that make many new discoveries in order to move toward building a complete and accurate system of Ho Chi Minh thought and theory and, in particular, to clarify the creativity of President Ho Chi Minh and clarify how he developed and enriched Marxist-Leninist theory with respect to a number of important and pressing problems of our age.

However, so that Ho Chi Minh thought, as well as Marxism-Leninism, maintains a guiding position in the spiritual life

of society, as the seventh party congress pointed out: Besides the efforts of the research organizations, the institutes, schools, mass media organizations, publishing houses, arts sectors, and so on have a very important role to play.

Today, instruction about Ho Chi Minh has been included in the curriculum of the general schools, but this instruction is not being carried on in a scientific way based on a rational system from the bottom up. In the party schools, few of the departments have their own teaching materials or separate courses on President Ho Chi Minh.

In society, something that can easily be seen is that youths and children born after 1975 have very little knowledge about President Ho as compared with preceding generations. If this situation continues, the dream of having Ho Chi Minh thought become a compass for action and play a guiding role in society will remain just a dream.

The mass media organs such as the press, radio, and television must soon begin talking regularly about Ho Chi Minh thought in order to give readers and viewers, through lively and concrete stories on President Ho, examples of how to deal with things in work and in daily life. Writers, poets, and dramatists should create realistic, lofty, and moving works about President Ho that can be used in school and that will live forever with a youthful spirit.

A country and nation can survive and develop only if it has a unified system of values that is accepted and elevated by the people. We can receive the essence of human culture and effectively oppose the intrusion of Western ideology and its way of life only by building and consolidating the strong system of values of our nation. The system of values that our people have adhered to and that they regard as the best standard of human principles is the system of Ho Chi Minh thought. Enabling this system of values to become the precious thing of the nation that future generations will maintain and exploit is the responsibility of all of us, particularly theoretical research, ideological, and cultural circles.

### **Legal Issues Regarding Our Country's Market Economy**

923E0010C Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 92 pp 11-13

[Article by Hoang The Lien, M.A. in law]

[Text] The realities of developing a market economy in general and a market economy in our country in recent years have shown that there is a close relationship between the economic freedom of citizens and tight state management over the economy. As the organization with power, the representative of the interests of the people, and the owner of a large part of the country's production materials, the state must elevate its management role with respect to the market economy.

State management is aimed at bringing about a balance, regulating the market, preventing and dealing with sudden bad changes, creating a favorable legal environment for commercial activities, dealing rationally with the relationship between economic growth and social problems based

on a spirit of everything stems from the people and is for the people, and managing and controlling the use of the country's resources.

In order to play the above role, the state must operate based on the principles stipulated in stable and trustworthy legal documents. The state apparatus must be organized based on a system of grades with clear powers and responsibilities and with tight internal and external controls. On the other hand, as a management tool, the legal system must solve the following problems:

1. The economic freedoms of citizens must be guaranteed by the stipulations of the constitution and laws promulgated by the National Assembly.

As for the right of people to engage in economic activities, the laws must stipulate things clearly and decisively, be highly effective judicially, clearly state what is forbidden, and clearly state the limits. It must be clear which spheres are off-limits with respect to economic activities, and the limitations must be reasonable and unambiguous. At the same time, the statutes on the obligations of citizens in commercial activities must be stipulated very clearly, such as what their obligations are in making payments and how much, what their obligations are with respect to protecting the environment and social interests, and so on.

The economic rights of citizens and economic organizations must be guaranteed by a system of freedoms. Among these, the most important are:

The right to establish various types of enterprises on any scale they wish.

The right to use as many hired laborers as necessary to satisfy the requirements of production. Those who use laborers and the laborers have the right to reach agreements and sign labor contracts.

The right to accumulate, use, and dispose of property in accord with the laws currently in force.

The right to engage in cooperative business ventures with organizations and individuals in and outside the country.

These are the necessary preconditions of commercial freedoms. These are not the special rights of the state, and the state must guarantee these rights with legal documents. Only in this way will it be possible to ensure unity throughout the country and avoid the unfortunate limitations of local state organizations with respect to the economic freedoms of citizens and economic organizations.

2. A market economy is the economy of a system of contracts.

Starting from the freedom to exchange commodity products, with the products regarded as commodities in a market economy being very broad in scope, the key principles of the contract relationship in a market economy are freedom, free will, equality, responsibility, and mutual profit. With such contents, contracts are regarded as having value and as agreements that have been established based on freedom of will between the parties involved in order to exchange commodity products. The profit that each side is trying to



obtain in the contracts is the direct and powerful motive force that impels the various parties to implement the contracts and fulfill things without interference by any other factor. However, this does not mean that they have permission to act arbitrarily. Unified legal forms are very necessary.

Today, even though the market economy requires a perfect system of contracts, our laws have stipulated only a number of basic contracts such as civilian contracts and economic contracts. And this is without mentioning that those two legal documents on contracts do not fully reflect the varied relationships that have arisen in our country's market economy.

3. A commodity economy requires the establishment of a system of judicial organizations with adequate democratic and progressive legal procedures in order to resolve the disputes that arise during commercial operations.

Resolving economic disputes poses two requirements:

The rights of all sides must be guaranteed in resolving the disputes. Above all, the state must respect the right of the parties involved in the dispute to resolve matters themselves. When necessary, the parties involved can agree to have an arbitrator or lawyer resolve the issue. Because of this, there must be an occupational-social organization to provide consultation in resolving disputes at the invitation of the parties involved. This organization must support itself from the fees paid by the parties involved.

In cases in which the parties involved cannot resolve the matter themselves with the help of the consulting organization, they have the right to submit a motion directly to the court with jurisdiction in order to resolve the issue once and for all and protect the legitimate interests of all sides.

Based on the above requirements, the time has come to establish full-time courts such as economic courts, labor courts, administrative courts, and so on in order to handle the various types of disputes that may arise in the business process.

4. A flexible and independent currency and credit system and a complete and detailed tax system must be established.

The scientific bases must be studied in order to promulgate the following laws:

A state budget law: This must affirm the sources of capital and budget receipts and expenditures, decentralize budgetary control, ensure discipline in budget receipts and expenditures, maintain the principle of democratic centralism in managing the budget, and enable the state budget to be unified and achieve good results.

A law on capital and currency markets: Along with the open door policy (both within the country and with respect to other countries), the financial markets are expanding. Shares, bonds, gold, silver, and foreign currencies are not only investment targets but also targets for widespread exchange. In reality, capital and currency markets have already appeared. The problem is that these must be formalized, and the capital and currency markets must be allowed to expand based on the law.

A suitable legal mechanism must be built in order to ensure that the state bank can carry out its state management functions well with respect to domestic and international currency and credit activities.

A system of tax laws must be promulgated and perfected so that taxes become the main tool of the state in managing and regulating the economy at the macrocosmic level and so that taxes become the main source of revenues for the budget and the basic element of a wholesome national financial policy and actively contribute to bringing about social fairness among the economic elements and various strata of people. In order to maintain their legal character, taxes must be stipulated in the legal documents promulgated by the National Assembly. They cannot be set by other state organizations.

5. A market economy requires a free competition law, a bankruptcy law, an anti-monopoly law, laws to prevent the destruction of the resources and pollution of the environment, and laws to fight social evils and other effects of a market economy. Immediate attention must be given to solving two pressing problems: the bankruptcy problem and the problem of opposing negative social phenomena.

One particularly serious thing that is happening today is that many enterprises and corporations in various economic elements are making use of the complex situation to carry on illegal activities (fraud, theft, illegal trade, and so on). Because of this, studies must be conducted and laws to fight fraud and illegal trading activities must be promulgated and perfected. A stable legal environment must be created, and free commercial production and fair competition must be ensured within an organized and highly disciplined environment.

6. Foreign investment and cooperation: On one hand, solving the legal problems of our country's market economy must start from our internal needs. On the other hand, this must start from taking steps to put our domestic economic mechanism in line with the international market economy mechanism, of which Vietnam is a part. Because of this, it is very important that we resolve the legal issues (procedures and priorities) concerning foreign investment in Vietnam and perfect the import-export stipulations.

7. A system of laws to protect social aspects for people must be built. This is one of the key issues to manifest the socialist orientation of Vietnam's market economy. We must study and promulgate a system of laws to handle things harmoniously between the economy and society, oppose the cruel exploitation of man, supplement the incomes and create jobs for the unemployed, help the elderly and disabled, and maintain a minimum standard of living. At the same time, steps must be taken to ensure that the social and professional organizations have the strength to represent and protect the interests of the laborers. Only in this way will the socialist orientation of our market economy have real meaning and not be just an empty slogan.



### Create Capital and Improve Capital Construction Investment Results

923E0010D Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 92 pp 14-17

[Article by Nguyen Khac Hien, high-level economic specialist]

[Text] I. Capital construction investment in our country, particularly prior to the sixth party congress, had two main shortcomings:

1. The state subsidized almost all of the capital construction investment capital in the national economy. The state production installations were totally dependent on the state, and the other economic elements invested capital mainly to build houses. They did not dare invest capital in commercial production activities. Foreign investment capital relied mainly on aid from the Soviet Union and other countries in the SEV [G-7] bloc.

2. Capital construction investment achieved very little because the investment structure was wrong, things were dispersed, there was a lack of planning and clear-cut centralization, careful preparations were not made, construction dragged on, the emphasis was on quantity, with little effort made to maintain quality, and management was loose.

Implementing the resolution of the sixth party congress, especially since the sixth term of the sixth plenum of the Central Committee, we have made initial advances in capital construction investment:

1. In addition to the state budget funds, the sectors, localities, and economic units have mobilized investment capital from many different sources: existing funds, bank loans, capital mobilized from the people, and so on. The non-state economic elements have invested hundreds of thousands of ounces of gold to expand agriculture and forestry, build consumer goods production installations, build fishing and transport boats, raise shrimp, plant trees, engage in service activities, and so on.

We have attracted additional investment capital from Zone II countries. Even though the amounts have been modest, this is encouraging.

We have also begun to attract capital from overseas Vietnamese, although the amounts are still small.

2. The allocation of capital construction investment capital has been adjusted based on having this capital support the three economic programs. Attention has been given to increasing the percentage invested in agriculture, particularly water conservancy.

The state's investment capital has been concentrated more on key projects (accounting for more than 50 percent of all investment capital), and positive results have been achieved.

However, in adjusting the economic structure based on concentrating on hitting the targets of the three economic projects, exploiting every source of investment capital, and

renovating the investment mechanism, we still have many shortcomings, and many new and very worrisome problems have arisen:

1. The capital potential among the people is very great, but this has not been fully mobilized for capital construction investment in order to expand production. Little of the capital in the hands of the people has been invested in agricultural production to improve the arable land, build small-scale water conservancy projects, or improve rural communications. In industry and small industry and handicrafts, there are few medium-sized production installations equipped with modern equipment. Most people use their capital to engage in trading activities in the hope of making a profit. They even use their money to engage in smuggling foreign goods and contraband items or waste it on luxuries.

2. Other countries have invested very little here as compared with the capabilities and with the amounts invested in other countries in Southeast Asia (the amount invested in Vietnam accounts for only 8.1 percent of total foreign investment). Even so, control of the capital invested by foreign countries in Vietnam is very loose. Few of the enterprises in which other countries have invested are trying to hit the targets mentioned in the economic and technical arguments and permits, and the rate of development of the draft plans is slow. In many cases, capital has not been contributed in line with the registered processes. There have even been plans in which we have contributed capital, but the foreigners have failed to contribute. Many of the financial accounting decisions have not been seriously implemented.

3. The investment structure has not been basically improved. The state's investment capital is still dispersed, and investment results are very poor. The investment structure is not in line with the investment capital use mechanism pointed out in the resolution of the sixth plenum of the Central Committee (Sixth Term): "...The State's investment capital must be concentrated mainly on building the infrastructure and a number of key projects to support implementing the three economic programs and a number of social welfare projects." In particular, little money has been invested in communications and transportation, and the educational and public health bases continue to deteriorate.

The capital construction investment capital is still dispersed. The 1989 capital construction investment plan concentrated funds on 38 key projects of the state, but the sectors and localities started almost 1,700 projects. In 1990, at a time when the central budget lacked funds, the sectors and localities built thousands of projects not in the plans and allotted two-three times the amount of investment capital as compared with the planned norms. This ruined the materials and equipment balance, pushed up the price of building materials, increased construction costs, and extended construction times.

Besides dispersion, the investment capital has not been used efficiently. Construction and installation expenses are too high (accounting for almost 70 percent of the total investment capital), and allotments for replacing equipment are too low, with the result that the backward technology at the

enterprises has not been improved. Too much money has been invested in unnecessary non-production activities. As a result of these things, investment capital results have failed to improve and have even declined.

4. Order and discipline in investment and capital construction are loose, and corruption is becoming more and more serious. Waste and poor investment results have not been overcome, and a number of individuals are stealing and appropriating the state's investment capital (and even borrowed money) when calculating costs, drawing up plans, preparing investments, making bids, and organizing construction. This has led to a situation in which investment expenditures are excessively high but actual construction and installation values are low, with the result that trillions of dong of the state and people have been lost.

A number of bad cadres in the organizations involved in capital construction investment activities have made use of the loopholes or outdated stipulations having a state subsidies nature in calculating estimated costs and design costs and paid progress bonuses (as in the capital construction management statute promulgated in accord with Decree 232/CP of 6 June 1981) in order to obtain money from the state, engage in illegal activities, and cooperate with "ring-leaders" on the outside in order to engage in corruption, take bribes, and violate the policies and procedures. They regard investment and capital construction activities as activities from which they can grow rich quickly and easily. Corruption in investment and capital construction is wasting the capital of the state, and it has also led to people earning a living dishonestly. The quality of the projects has declined, and untold damage has been done.

II. During the period 1991-1995, there will be a pressing need for capital for capital construction investments, but budget funds will be limited. And during the first several years, we will face many difficulties. We must concentrate on solving the following key problems really well:

1. Abundant sources of capital for capital construction investment must be created.

Above all, the very large amount of capital among the people and among the private economic elements must be mobilized through policies aimed at renovating economic activities, tax laws, inheritance laws, and commercial and share corporation laws. This must also be done by implementing measures to have that large amount of capital invested in production in accord with the economic and social strategy and the targets of the plans.

The state can waive or reduce the income tax on incomes set aside for these investment activities. The banks must set aside capital for making investment loans at favorable rates of interests when the money is going to be used in accord with the targets of the state plans. The construction services must create favorable capital construction conditions (plans, construction surfaces, construction, and so on) in accord with the projects so that the private economic elements invest properly.

On the other hand, positive steps must be taken to mobilize more and more investment capital from abroad (including

encouraging overseas Vietnamese to send money or equipment to help build the fatherland). This must be regarded as an important factor in stepping up commodity production, renovating industry, and promoting exports.

Laws and documents under the law must quickly be promulgated to encourage foreigners and foreign corporations to invest in Vietnam. Our country's economic and social strategy, along with the above procedures and regulations, must be widely disseminated abroad.

The foreign investment capital must be directed toward constructing infrastructural projects, renovating the export agricultural, forestry, and marine products processing industries, and engaging in joint ventures to produce export goods, expand tourism, and repair ships. To do this, management of the enterprises that use foreign investment capital (particularly the state enterprises) must be strengthened, and more and more our own capital (or bank loans) must be set aside for investing intensively and for renovating the equipment and technology and improving the quality of the products.

Things must be systematized, and there must be a concrete mechanism for the formula "the state and people working together" with respect to capital construction in order to mobilize the human and material power among the people for water conservancy, hydroelectric, communications, educational, public health, and social welfare projects.

Active steps must be taken to control tax shortfalls, there must be an effective struggle against corruption and waste, administrative expenses must be reduced, and more and more bank capital must be reserved for capital construction investment with state key points.

2. There must be policies on the correct use of the capital construction investment capital in order to improve investment results.

a. Capital construction investment guideline and pattern: Based on the economic and social strategy to the year 2000, the capital construction investment guideline and pattern in the five-year and annual plans must be concretized. With respect to specific targets, the various aspects must be considered and weighed in all respects, and balance must be maintained with respect to capital, equipment, materials, labor, and the conditions for putting things into production and use.

The above investment guideline and pattern apply to the entire national economy. This does not apply just to the capital construction investment capital of the budget.

b. The state budget investment capital must be concentrated on a number of key spheres in order to create balance in the economy and create a favorable environment for promoting and directing the process of accumulating capital for the commercial production activities of the sectors, public and private enterprises, and people.

Right now, the investment capital of the state bank should be directed toward the infrastructural system (roads, railroads, the dredging of the waterways, ports, and the information and liaison system) and key projects that have a low

rate of return and that cannot attract investment capital from other economic elements. At the same time, a suitable amount of budget funds must be set aside for equipping a number of the country's scientific research centers and large industries in key spheres with modern tools, for studying the application and transfer of technology, and for reducing the population growth rate, providing jobs, and improving education and public health.

c. The capital that the state has turned over to the state economic units to manage must be used to invest extensively or to expand the existing production installations. In particular, this capital must be concentrated on increasing or renovating the equipment and industrial models. The tendency to build "shells" in a formal and showy manner must be avoided.

d. Capital mobilized in accord with the formula of the state and people working together: This capital must be concentrated on building medium-sized and small-scale water conservancy systems, building communications routes within the districts and between villages, building public welfare projects—child-care centers, kindergartens, primary health care facilities, and cultural centers—and restoring and reproducing historical monuments and scenic sights.

e. Bank credit: This capital must be used to supplement the capital of the production installations and enterprises in investing intensively or expanding production to support the planned targets. Priority must be given to making loans to bases to expand agriculture or produce export goods and to engage in joint ventures with other countries to expand tourism and international services.

f. Foreign investment capital: This capital must be exploited using the favorable procedures in the investment law and other legal documents and by creating a favorable political, economic, and judicial environment for foreign investors. Foreign investments must focus on the targets of the state's strategy for stabilizing and developing the economy and society. Specifically:

There must be bilateral or multilateral joint ventures in order to solidify and strengthen the infrastructural system.

Investment capital must be attracted from all countries of good will in order to establish corporations and enterprises to produce and process export goods or process and assemble export goods. Foreign investment capital must be used mainly to explore and drill for oil, develop the petrochemical, coal, bauxite, rare earths, apatite, and nitrate fertilizer industries, raise and process export shrimp and forest products, produce machinery to support the processing of agricultural products and export foods, and expand tourism.

Investment capital must be contributed and joint ventures must be carried on with Laos and Cambodia in improving communications and transportation and exploiting the minerals, marine products, forests, electric energy, and so on for export.

Tests must be conducted and then leasing must be expanded in a number of areas that have the necessary conditions and that have large mineral reserves.

State and private enterprises must be allowed to engage directly in joint ventures with other countries, mainly in order to strengthen or renovate the equipment and technology, on condition that they maintain their foreign currency capabilities so that they can pay their foreign debts and that they obey the laws of the state.

Forms of joint investment ventures between our provinces and those of neighboring countries and between our capital and the capitals of other countries must be developed in order to build enterprises to produce export goods or import substitutes.

g. Non-investment aid from governments, international organizations, and foreign individuals: This capital must be used in accord with the plans agreed on by the two sides.

h. Capital from overseas Vietnamese: This capital must be used widely for the capital construction investment targets in the state plans.

3. Capital construction investment results must be improved:

a. The main norms must be determined in order to evaluate the results of capital construction investment: Many types of norms can be set, such as norms on economic and social results in general, norms on modern equipment and technology standards, norms on export values, and so on. But the most important and most integrated norm is the norm on capital recovery and loan repayment periods. In conditions in which we still have many surplus laborers, the norm on creating additional jobs is an important norm.

The capital recovery time (or loan repayment period) must be calculated based on the viewpoint "investment results in the market relationship." People should not be content with simply calculating the investment capital recovery time in a simple way based on the amount of capital spent and the profits earned. That way of calculating things will eliminate many of the market's original characteristics. A scientific method must be determined so that items in different periods can be compared with their initial value and in order to examine the effect of the capital construction investment capital in terms of the amounts used in different commercial forms. Calculating the effects of investment using loan capital must be included in the relationship with the investment capital markets (domestic and foreign), particularly in the relationship with the investment capital market revenues.

b. An integrated capital construction plan must be formulated, and the production areas of the entire country must be zoned in accord with the strategy for stabilizing and developing the economy and society of the country.

This integrated plan must be concretized with respect to each zone and province and disclosed to the investors (both domestic and foreign) through investment service centers.

c. Capital construction investment planning must be renovated as follows: The role of the state must be manifested in guiding and controlling investment based on the planned guidelines of the state. At the same time, steps must be taken to get the economic elements to generate investment capital themselves and increase the responsibility of investors. To do

this, a list of priorities must be drawn up for the targets (for the sectors and territories) for each source of investment capital, concrete investment guidelines must be given, and the spheres in which investment will be limited or prohibited must be clearly stipulated. The policies on creating and using investment capital must be perfected. This includes measures concerning procedures for formulating capital construction investment plans, setting prices, and making construction estimates, the system of norms (pricing, investment rates, and so on), economic and technical norms, methods for calculating economic results and capital construction investment capital recovery periods and for clearly determining the responsibilities of the investors in each project (on both the administrative front and the materials front), and so on.

Capital construction investment planning based on territory is related to all the capital construction investment capital in the territory. All of the capital construction investment plans based on territory must be registered in order to balance building materials, labor, and so on.

#### Current International Political Relations

923E0010E Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 92 pp 18-20

[Article by Nguyen Dinh Luan, M.P. in philosophy, Ministry of Foreign Affairs]

[Text] International political relations are a form of human social relations. These first appear when there are countries and there are relationships between states. In the process of implementing their foreign policies, states have established a special form of relationship—international political relations. The subjects of this relationship, besides the state, also include government-related organizations and the nations that are struggling for independence after they have appeared on the international field.

International political relations are a product of the foreign political activities of countries. These activities are aimed at obtaining certain foreign political benefits. Because of this, in essence, international political relations are relations between foreign political interests of the various countries in the world. These interests are recognized needs. And these are needs that have been determined by the combination of internal and external factors of each country. These include the political nature of the social and ideological systems; the country's economic, cultural, scientific, and military strength; the beliefs and traditions of the people; the population and ethnic minority elements of the population; the class and social structure; the capabilities of the government and leadership; the geographical position and special climatic conditions; the country's position in the system of international relationships; the international situation and development tendency of the age; and so on. All of these different factors together determine the definite needs of each country in each historical stage. These are then recognized and manifested in the foreign political interests of the country.

Foreign political interests are the motive force of the foreign political activities of each country. Although these are objective, they also have a subjective character, because needs are recognized through the activities of specific subjects, the

people who participate in formulating the foreign policies of the countries. Here, their scientific knowledge, will power, and political astuteness are very important. Every decision about foreign politics must be based not only on domestic factors but also on international factors. The internal problems of each country are handled entirely by the government of that country, but this is not the case with external problems. This is because these problems are related to other countries and the international collective and they go beyond the boundaries and decision-making powers of the individual country. Efforts to solve foreign political problems will bear fruit only if this starts from the objective laws of the movement and development of the entire world. The world must be viewed as a perfect system in which each country is just a structural element. This system is the result of the development and mutual effect of the various countries, but in turn, it affects and determines the movements of each country. The internationalization of the development of the world has basically replaced traditional viewpoints concerning independence and self-reliance.

2. The very strong trend toward internationalization of the world production forces and the world market unification process mean that each country in the world, if it wants to develop, must actively participate in the international division of labor and become an active organic element of the world economic system and of the regional economic system. The concepts of "independence" and "mutual dependence" are not mutually exclusive but are part of a dialectical relationship. Here, the internal and external factors have only a relative meaning, because based on an integrated and systems viewpoint, individual countries are not outside elements but a structural factor of the world system. Lenin's requirement regarding having "to join and coordinate the general principles concerning development with the general principles concerning the unity of the world, of natural circles, of movements, and of materials" [Footnote 1] [Lenin, "Collected Works," Progress Publishing House, Moscow, 1981, volume 29, page 271] has great methodological meaning for understanding today's international situation.

Thoroughly understanding the dialectical relationship between development and the unity of the world, at the seventh congress, our party affirmed that Vietnam wants to be friends with all countries in the world community. It is striving for peace and independence and struggling to develop. This viewpoint of the party is completely different from the argument about "making international relationships non-ideological." Because as stated above, foreign political relations between countries are actually relations between the foreign political interests of countries. However, we must clearly distinguish between political relations within a country and political relations between countries. Marx concluded that every political struggle is a class struggle. He arrived at that conclusion from analyzing and reviewing the historical realities of social struggle in each country. If that conclusion is applied mechanically to relations between countries, mistakes will be made, because it will be impossible to explain why there have been wars between imperialist countries or between socialist countries. It will not be possible to explain why France, a bourgeois republic, and Russia, a semi-feudal monarchy, formed an alliance in order to resist



Germany, a semi-feudal country, in 1890 or why the Soviet Union allied itself with America and England in order to resist the German fascists in the Second World War. The problem is that while countries may have different ideological systems, they will form an alliance with each other because they have found a common denominator (common interests) in their foreign political interests in specific historical stages. Engels said that if there are no common interests, there cannot be unified targets, let alone unified action. Defining the common interests—that is a very important principle in international political relations and in selecting and positioning the targets requiring cooperation of each country.

Vietnam is adhering to the socialist path. But at the same time, Vietnam wants to be friends with all countries in the world community. There is no contradiction here. This simply reflects the organic relationship between development and the unity of the world. Regardless of their political orientation, today, every country in the world exists, moves, and develops based on a common civilization, which is often referred to as post-industrial civilization or intellectual civilization. This civilization is being formed, and it has its own economic foundation and structure. It is different from industrial civilization and is very different from the agricultural civilization of the past.

3. The application of micro-electronic technology, biotechnology, and technology to conserve materials and energy is basically changing the world economic structure and the form of international economic relations. The high degree of internationalization of the production forces is promoting economic cooperation between the socialist and capitalist countries. It can be said that the structure of economic relations among countries is the result of a dual process. On one hand, this is an objective phenomenon—the process of internationalizing the world economy. On the other hand, this is a matter of the foreign political activities of each country. Economics determines politics, but politics is relatively independent and affects economic development. This effect has two sides. It can either restrict or promote the expansion of the production forces. Which effect this has depends on the degree and scope of the foreign political activities and the demands of the trends and objective laws of development of the age.

The effect on politics on the economy is manifested by the fact that it controls the economic development goals of the country. Foreign politics is an integral part of the general political line of a state. Foreign politics is organically related to internal politics. Economic development does not have its own goals. It is aimed either at earning the maximum profit possible for capitalist groups (particularly the multinational corporations) or at improving the standard of living and developing the capabilities of the majority of laboring people in all respects. This is determined by the general political orientation. It's an illusion to try and separate economics from politics in general. The principle of development through unity and the struggle between opposing aspects is the basis for understanding the two-sided image of the present process of internationalization of the world economy. No one can doubt the unprecedented historical advances in the lives of people as a result of the use of modern scientific and

technical advances and the internationalization of the production forces. But we must not be blind to another reality, which is that the gap between the rich and the poor is growing wider and wider. Although mankind in general is gradually advancing toward intellectual civilization, each nation, each class, and each person is advancing with very different baggage. In the world today, only 2-3 percent of the laborers have the highest intellectual standards of mankind, and only 25 percent work in industrial sectors. The other 70 percent are agricultural laborers. There is a new conflict that is arising and expanding. That is the conflict between the intellectual poverty of the majority of mankind and the present demand for progressive intellectual standards. The depth and importance of this conflict are increasing in accord with the rate of development of the scientific and technical revolution in the world. The new civilization is putting forth new standards concerning "illiteracy." Some countries have said that people are illiterate if they don't know how to use a computer. And if a person is illiterate, he still "stands outside politics." [Lenin's statement] This means that the majority of the people in the world face a real danger: If they are outside international political life, they will not be able to participate in controlling the international tasks and have a positive effect on the process of democratizing international political life. This is an inequality with respect to international politics.

4. Universal problems, such as nuclear war, the environmental problem, and so on are confronting mankind with the threat of annihilation. In order to solve these problems, all classes, countries, and peoples must cooperate closely without distinguishing between ideological systems, religious beliefs, or social systems. This cooperation is very necessary and urgent, but it certainly won't erase class boundaries. Who is the chief culprit with respect to the arms race and the nuclear race in the world and the destruction of the environment? The answer is, the imperialists, particularly the military-industrial groups and the multinational corporations. Recently, American President Bush announced a reduction in nuclear weapons, but he also stated that the United States would continue developing the SDI program. If that is the case, how can he hope to ease the tense international political atmosphere? According to the calculations of Vasali Leonchiev, an instructor at New York University, if just one-tenth of the American military budget was used instead to satisfy the needs of the third-world countries, these countries could keep pace with the industrialized countries in terms of their rate of development.

5. Besides this, the differences among the groups of people in the "unified common denominator" must be seen clearly—the vital interests of all of mankind. The lives of capitalists in general and of capitalists in the military-industrial complex in particular are obviously different from the lives of workers and hired laborers. Capitalists live in order to continue earning profits with the credentials of capitalists. They certainly don't live like ordinary laborers or other members of mankind. Those who fail to see this are deceiving themselves in politics. Cooperation must be tied to the struggle to oppose the anti-democratic tendencies and forces for peace and social progress in the world.



**The Issue of 'Cultural Inheritance'**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese No 3, Mar 92 pp 21-23

[Article by To Ngoc Thanh; not translated]

**The Meaning of Needs, Interests, and Knowledge With Respect to the Activities of Man**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese No 3, Mar 92 pp 24-27

[Article by Nguyen Linh Khieu; not translated]

**A Model of Current Rural Family Culture**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese No 3, Mar 92 pp 28-31

[Article by Truong Xuan Truong; not translated]

### Successfully Mobilize Overseas Vietnamese

923E0010F Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 92 pp 32-34

[Article by Binh Minh]

[Text] The formation of the overseas Vietnamese community has been going on for more than a century now. Since May 1975, because of the effects of various objective and subjective factors, this community has expanded quickly and undergone profound quantitative and qualitative changes.

Today, there are almost 2 million Vietnamese living in more than 70 countries in the world. This figure could rise to 2.5 million by the year 2000. By the end of 1990, there were approximately 720,000 Vietnamese living in the United States, 200,000 living in France, 130,000 living in Australia, 120,000 living in Canada, 45,000 living in Germany. Almost 30,000 Vietnamese have been living in Eastern Europe for a long time. In the (former) Soviet Union, although the number has expanded only recently, there are 3,500 people officially registered as overseas Vietnamese. More than 95 percent of the Vietnamese people living abroad have become naturalized citizens. Those who have kept their Vietnamese citizenship have or will stabilize their lives and settle down in the countries where they are living. The majority of these Vietnamese continue to participate in traditional national activities. They want the country to be stable and are doing everything possible to have a normal relationship with their native land and families.

More than half of those who have left since 1975 are still living on social welfare and living below the poverty level of European-American society. Forty percent have relatively stable jobs, and 10 percent are well-to-do (this includes a number of capitalists and puppet generals who took money with them when they left Vietnam). There are very few industrial and financial capitalists. There are 100 overseas Vietnamese corporations abroad, and these are small-capitalization corporations.

There are 24 investment plans of overseas Vietnamese corporations operating in Vietnam for which permits have been issued, with the amount of capital involved being approximately \$20 million. The amount of money remitted by overseas Vietnamese to their families here is estimated to be approximately \$500 million a year. There are approximately 400,000 intellectuals and skilled technical workers living abroad. Among these are a number of experts who are well known in the spheres of communications, public health, and mathematics.

There are almost 100 overseas Vietnamese organizations that have been established for the purpose of earning a living and providing mutual help. There are almost 600 overseas Vietnamese newspapers. Of these, many publish mainly economic information and run advertisements. There are more than 10 Vietnamese-language radio programs, more than 20 publishers, and many music tape producers.

It must also be mentioned that among the Vietnamese who have settled down abroad, about 300,000 belonged to the

old Saigon apparatus (116 generals and 7,000 other officers). Of these, a number have established reactionary organizations to oppose Vietnam.

The history of the movement of patriotic overseas Vietnamese is tied to the history of the nation for almost a century now. At the beginning of the 20th Century, there was the Go-East Movement of Phan Boi Chau. In 1918, Nguyen Ai Quoc established the "Association of Vietnamese in France." Ho Chi Minh built revolutionary organizations of overseas Vietnamese in Thailand and China. In conjunction with each other, the movements of patriotic Vietnamese in Laos, Cambodia, and Thailand contributed to the struggle to liberate the nation. After 1945, a number of intellectuals in France returned home to support the resistance for national salvation. Some became heroes and high-level cadres. In the resistance against America, many groups of overseas Vietnamese and students in many capitalist countries participated in the struggle against America and mobilized the people in those countries to support our just cause. After 1975, particularly after the Sixth Congress of the CPV [Communist Party of Vietnam], 18 organizations representing patriotic overseas Vietnamese movements in 18 locations expanded their solidarity front and contributed to building their native land. Recently, because of the effects of the international situation, the patriotic overseas Vietnamese movements in a number of zones have encountered difficulties. In some places, some elements are wavering and are in crisis. But in many places, the movements continue to expand well. The Sixth Congress of the Association of Vietnamese in France held on 11 September 1991 affirmed that it would continue to adhere to patriotic traditions and develop good relations with our state.

The state included the matter of protecting the legitimate rights of overseas Vietnamese in the constitution promulgated on 18 December 1980 (Article 75), the Citizenship Law, and the Investment Law of 1982, and there are documents to guide the mobilization of Vietnamese living abroad. The Secretariat of the Party Central Committee issued Directive 67 CT/TW (December 1990) on this work.

The party and state have promptly implemented policies to allow overseas Vietnamese to visit their native land, invest in building the country, and help their families. They have also promptly improved the entry and exit procedures in order to make it easier for overseas Vietnamese to visit their families, travel, and study and created exchange relations between Vietnam and other countries.

The new policies of the party and state have satisfied some of the legitimate interests and wishes of the overseas Vietnamese, and this has created a new motive force encouraging overseas Vietnamese to visit the fatherland, distinguished the exiled Vietnamese reactionaries, opened up wonderful prospects for exploiting the strength of the Vietnamese community abroad, and contributed to building the country and protecting the Vietnamese community abroad.

However, there are still many limitations in mobilizing the Vietnamese who have settled down abroad. This work has not been fundamentally renovated in accord with the requirements of the country's political tasks, and this has

not kept pace with the changes in the world situation and among the overseas Vietnamese. The various sectors and echelons have a different understanding and have evaluated things differently with respect to the Vietnamese who have settled down abroad. Because of this, the policies have not been implemented uniformly. Some places are too strict, and some place are overly lax in guiding and managing things. Conducting studies and promulgating new policies is not being done in a timely and synchronized manner. The system of organizations, from the central echelon to the localities and in other countries, that are engaged in mobilizing overseas Vietnamese has not been perfected. At times, the coordination between the sectors and echelons is poor. Little attention has been given to information and cultural work with respect to overseas Vietnamese. Because of this, many people do not understand the realities of the country or the life of our state.

In order to renovate the mobilization of overseas Vietnamese, a number of fundamental viewpoints must be unified:

The more than 2 million Vietnamese living abroad have a close relationship with millions of relatives living in Vietnam. This is a large force that has a multifaceted effect and influence on the situation here. These people are part of the Vietnamese people and Vietnamese nation. The fact that they have become citizens of some other country does not mean that the national characteristics that are part of them have been erased, particularly in view of the fact that our state has encouraged them to take foreign citizenship in order to make their lives easier.

Mobilizing overseas Vietnamese is part of the party's work of mobilizing the masses. This contributes to assembling patriotic and progressive forces and consciously supporting the path chosen by the nation and contributes to defeating the plots to involve the overseas Vietnamese in opposing their fatherland. There are many different political tendencies among the overseas Vietnamese, but the majority of these people have a patriotic spirit and are justly proud of being the sons of a heroic nation. They want to see a prosperous and happy Vietnam. Thus, the overseas Vietnamese must be helped to maintain the national color and national cultural traditions, manifest a spirit of solidarity, help each other, stabilize their lives, and solidify and improve their position in the countries where they are living. The overseas Vietnamese must be encouraged to voluntarily contribute more and more effectively to building and defending the country. The overseas Vietnamese must be enabled to understand things clearly and resolutely persuaded to support the revolution of our people. We advocate expanding relations with all Vietnamese organizations and people abroad without distinguishing political tendencies, social elements, religious beliefs, or nationality as long as they don't oppose our nation's revolution. We are not prejudiced or biased against those who have made mistakes in the past if their present attitude and actions do not oppose the revolution. Attention must be given to mobilizing those who have high social positions in the countries where they reside and who have prestige among the masses, in religious groups, in scientific

circles, and among important businessmen based on attracting the support of the masses of overseas Vietnamese. Overseas Vietnamese must be encouraged to invest here, participate in joint ventures, and cooperate on the economic, scientific, and technical fronts based on the principle of everyone profiting and in accord with the laws of our state, and their interests must be protected. Our party and state oppose all actions that oppress, terrorize, and divide the overseas Vietnamese or that destroy their property, and it will do everything possible to protect their legitimate rights and their lives.

As for consolidating the existing movements of overseas Vietnamese, there must be varied organizational forms based on the principle of voluntary action and self-management in order to gather and attract even more overseas Vietnamese, with the emphasis being on manual and intellectual laborers and those who have good will toward the country.

So that this work achieves good results, a number of things must be handled well:

Urgent studies must be made, and a system of policies and laws must be built. The policies that have been promulgated must be implemented strictly. The entry-exit procedures must be improved in order to make it easier for intellectuals to return here to work and for overseas Vietnamese to come visit their relatives. The articles in Vietnam's Investment Law that are related to overseas Vietnamese must be concretized.

Suitable policies must be promulgated based on the special characteristics of each location. Issues related to overseas Vietnamese in Eastern Europe, the (former) Soviet Union, China, Thailand, Cambodia, and Laos must be posed so that they can be studied and discussed and so that specific organizational methods can be devised. There must be appropriate slogans and mobilization and organizational formulas depending on political relations and on the specific customs, practices, and circumstances of each overseas Vietnamese target.

The Overseas Vietnamese Department of the Central Committee must be consolidated in order to help the Council of Ministers coordinate things between the sectors and localities in the country and the representative organizations abroad and provide unified and timely guidance for all activities having to do with Vietnamese living abroad. Our diplomatic organizations abroad are responsible for organizing the mobilization of overseas Vietnamese there in accord with the policies of the state.

Mobilizing overseas Vietnamese and their relatives in Vietnam is the common responsibility of the sectors, administrative echelons, mass organizations, and other social organizations. Thus, things must be coordinated between the sectors and echelons, particularly the economic and scientific and technical sectors, the tourist organizations, the cultural, ideological, diplomatic, and internal sectors, the Vietnamese Fatherland Front, and the mass organizations.

A relationship must be built between the central echelon and the localities based on the principle of having the central echelon provide unified guidance concerning this work. Propagandizing and explaining the viewpoints of the party and state to the overseas Vietnamese must be carried on well in order to avoid overly harsh, loose, or simple viewpoints. Communications between Vietnam and other countries must be strengthened, the exchange of cultural products and exports must be expanded, and the capacity of the mass means of information must be increased so that information reaches remote areas throughout the world. Conditions must be created to enable many arts and letters groups, Vietnamese cultural exhibit organizations, and scientists here and abroad to get together and discuss things in order to contribute to preserving our national culture and building a prosperous and strong Vietnam.

Along with praising the positive patriotic activities of overseas Vietnamese, inaccurate and distorted views must be criticized promptly, and a struggle must be waged against the hostile activities and destructive plots of the exiled reactionaries living abroad.

### **Thoughts on the Model Used by a Number of Localities To Organize Soldiers To Engage in Economic and National Defense Activities**

923E0010G Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 92 pp 35-38

[Article by Lieutenant General Phan Thu, instructor]

[Text] Participating in building the economy does not stem from a subjective wish but from a desire having the nature of a law. This has become a wonderful tradition of the Vietnam People's Army. Recently, the party and state implemented correct policies and guidelines to have the military participate in building the economy.

Military participation in building the economy has achieved a number of notable achievements and provided us with useful practical lessons. The focus of attention today is on Long An, Tien Giang, Kien Giang, and other localities in military regions 7 and 9. In these localities, since 1981 and 1982, innovations have been made in organizing economic-national defense military units.

To date, through a period of conducting experiments, we have had a chance to review and summarize things and formulate new thoughts about a model for organizing economic-national defense forces.

The pressing problem today is how to implement the policy of reducing the size of the standing Army and reduce military expenditures while still solidifying and building an all-round national defense, building strong defense zones, and having strong reserve forces that are ready to handle any situation that could arise, including a war of aggression.

Many plans have been proposed. But from actual activities, the plan to build economic-national defense forces has shown great prospects.

1. Simultaneously carrying out the economic tasks well and carrying out the national defense tasks correctly:

Arable land, laborers, and occupations are the valuable assets of the economy. But for a long time now, in many localities the arable land has been left uncultivated, and many occupations have not been exploited. There is a surplus of laborers (particularly young and healthy laborers), the number of military units that do not have work in the process of renovating the economic structure is increasing, and the allocation of laborers in the localities is not rational. There must be a centralized, organized, and disciplined labor force that is commanded and guided closely to serve as the assault unit in developing the economy, particularly in remote areas where conditions are complex. Along with this, the national defense tasks also require that we ready strong forces on the spot whose quality is equal to that of the regular Army and that can solve any problem that arises. From the realities of the localities, Long An and Tien Giang provinces have selected the economic-national defense unit form.

Economic-national defense troops have been selected in accord with the standards, and they have been organized and trained just like regular troops. The basic difference is that only a minimum amount of money is being taken from the defense budget (enough for weapons and equipment). The units themselves provide the money to pay for the food, clothing, medicines, cultural products, and discharge allowances. Initially, the localities helped pay for some of the expenses. Today, based on the above formula, Long An has organized five economic-national defense regiments with more than 10,000 troops. Tien Giang has formed four battalions (directly subordinate to the province) composed of approximately 1,500 men, and in each district and town, there is a company. After several years of carrying on operations, these units have achieved impressive results. The "Dong Thap groups" (the intimate name for the economic-national defense troops of Long An) have contributed labor to the province. Between 1982 and 1990, they reclaimed wasteland, put 52,900 hectares of land into agricultural production (of which 47,900 hectares produce two crops), planted almost 45,000 hectares in cajuput, and established a new district (Thach Hoa) with stable villages. The troops have, together with the people, emplaced tens of thousands of cubic meters of earth for water conservancy purposes, built communications roads, and built many economic zones in important locations.

During the 1991 flood control campaign, Tien Giang mobilized more than 1,000 economic-national defense soldiers and sent them to the western districts, where they quickly helped the localities control the floods.

Reality in the above localities shows that wherever the economic-national defense troops go, production there expands. The people have gradually followed, built new economic zones, and strengthened zone defense and security.

Thus, the economic-national defense troops are an important source of strength in implementing the economic development tasks and also vanguard troops in getting the masses to overcome the difficulties in the initial stages and occupy the areas with great production capabilities.

It can be said that the economic-national defense troop model is a new development form of the "house troops in the countryside" policy of our forefathers in today's conditions. This is also a continuation of the party's and state's policies of previous years, in which regular troops were sent to carry on economic work, reclaim wasteland, build state farms in the midlands and northern mountain areas (during the period after 1954), and build rice and rubber zones in the Central Highlands (in the period after 1975). Furthermore, because the economic-national defense troops have been given military training and instilled with military discipline, during the zonal defense exercises and training seminars, many of the units have received high marks from the military region and provincial military command. During the years of supporting the border war in the southwest and carrying on international tasks, whenever it was necessary to mobilize troops for the front, the economic-national defense troops quickly and promptly carried out their orders with respect to numbers and time periods and were prepared to fight just like the regular troops. On the other hand, moving reserve forces encountered many difficulties and achieved few results.

## 2. Beginning to ensure social fairness in implementing the military draft law in the localities:

Each year, only a few youths from the localities are recruited into the regular Army. The great majority of youths living in the localities who are of labor age but who don't have jobs are recruited to carry out tasks in economic-national defense units. They are trained to become excellent laborers who can be of use to society and good soldiers who are ready to fight if necessary. At the end of their obligation, they are good-quality forces who can reinforce the reserves and strengthen the locality militarily.

However, the fundamental characteristic of the economic-national defense troop model is that it correctly coordinates fulfilling military obligations with fulfilling labor obligations. Forces of young laborers have been assembled and used in various locations to engage in production and prepare for combat. The strategy of coordinating the economy with national defense has been implemented well. These units spend only a minimum of national defense funds, but they produce products for society, provide for their own lives, and contribute to creating a new live for the people in difficult and strategically important areas.

Along with the favorable conditions, the present situation in the world and region is undergoing many complex changes that are affecting us. The reactionary forces in and outside the country are constantly plotting to destroy our country's revolution. Thus, the tasks of building the economy and defending the fatherland are very important. The new situation requires that we both reduce the size of our standing army and maintain a lofty spirit of combat readiness. Social opinion wants things to be fair between those who are participating in serving the standing army and the youths who have not been on active duty. Coordinating military obligations with labor obligations is the correct way to satisfy this requirement. The thing to note is that our country now has almost 13 million hectares of barren land and hills and 40,000 hectares of coastal silt that have not been exploited. Each year, another 1 million people of labor

age need jobs (of these, almost half are youths of military draft age). These are potentials that can and must be exploited to produce material goods for society.

The seventh party congress decided that "the economy must be coordinated with national defense," "there must be social fairness," and "all of the country's on-the-spot forces must be mobilized along with the foreign aid received in order to make thorough and effective use of the barren land and hills." The economic-national defense troop model, with the strengths discussed above, is a suitable and necessary measure in order to implement the guiding ideas of the party.

However, this model has been tested in only a number of localities in conditions in which there are a number of problems having to do with the policy and organizational and management mechanism that must be solved (including the measures concerning military personnel on active duty and those who have been discharged). Thus, although this model has been viewed as having many advantages with respect to economic, national defense, and social aspects, to date, economic-national defense forces have not been organized widely in the localities.

In order to effectively develop this model in the new situation on a large scale, with a spirit of scientific analysis that adheres closely to reality, we would like to mention a number of important issues:

On the law: The party and state must have concrete policies and create a unified legal environment for organizing economic-national defense forces from the central echelon to the localities (this must be regarded as an important measure for implementing the strategy of coordinating the economy with national defense). The National Assembly has not yet promulgated a law on this and so we propose that the Council of Ministers issue legal documents authorizing the widespread implementation of this model in the provinces and regions throughout the country, with the center being those zones that have a pressing need to coordinate the economy with national defense, such as the border and important coastal zones.

On organization and the leadership and management mechanism: Depending on requirements and tasks, economic-national defense units must be organized on a suitable scale. Each military region can establish one or two regiments or one corps [binh doan] directly subordinate to the military region. Each province can establish one or two battalions or one regiment, and each district can establish one or two companies. These units will be a part of the VPA and will be under the unified management of the Ministry of Defense (through various echelon military commands). The leadership and command relations will be implemented as at present with respect to the main-force and local troops. The people's committees in the localities will be responsible for coordinating things with respect to the economic plans for the economic-national defense troops located in the locality. The necessary environment and conditions must be created to enable these units to engage in economic work. This includes allocating arable land, arranging work, providing capital (like the economic units), making plans, and ensuring the factors necessary to implement the plans. The time periods and work set aside for units that carry on commercial production



activities must be used based on the appropriate sector, such as doing agricultural and forestry work, planting trees to cover the bare hills, planting headwater forests, reclaiming coastal land, building infrastructural projects and new population zones, and so on. This must also include participating in artisan industry and handicrafts activities.

On the selection system: Economic-national defense troops must be guided in accord with the annual troop recruitment plan and the requirements of the economic plans given to the economic-national defense units. If they have not been drafted into the regular army, youths of military draft age can be chosen to serve in economic-national defense units. They can fulfill their military and labor obligations in accord with the positions and policies stipulated by the state. During the two years that they must serve in an economic-national defense unit, soldiers will be given a minimum of three months of military training based on the unified program stipulated by the Ministry of Defense. After two years of service, they will be viewed as having completed their military obligation, discharged, and transferred to the reserves. If a person wants to settle down in an area and establish a family, or bring his family to live there, he must be given help and favorable conditions must be created to help him earn a living (such as allocating arable land, providing temporary housing, providing loans, and so on). This is the precondition for forming new economic and population centers.

During the time that they are carrying out the tasks, if the production laborers achieve high economic results, after expenses have been deducted, the units can be paid part of the profits. If an officer or soldier is injured, disabled, or killed, he is entitled to the same rights as a regular officer or soldier.

On expenditures: Economic-national defense troops will not be paid an allowance for living expenses or productive labor capital. They must work and carry on economic activities in order to pay for their food and clothing and pay the allowances and discharge expenses. The national defense budget will allot funds only for the equipment, weapons, and ammunition used in military training.

In order to make it possible to develop the economic-national defense troop model on a large scale, the state must implement a policy on funds for these forces. (This includes such things as allocating initial capital construction investment funds or allowing the units to borrow money at a low rate of interest. Once they are on their feet and are making a profit, they can gradually repay the money.)

Money can be requested from the budget funds set aside for the construction of the infrastructure and new economic zones, for the settlement of nomads, and for afforesting headwater areas and covering bare hills in order to allocate funds or advance money to the economic-national defense units. After that, things must be organized to have these units carry on related activities, with the money gradually paid back from the results of their productive labor.

This economic-national defense model has arisen from the realities of constructing and defending the fatherland. This is a new factor and a new way of thinking in organizing and implementing things to coordinate the economy with national

defense in the new situation. We must have plans to gradually develop this, constantly monitor the activities, review and summarize things, correct the mistakes and shortcomings, learn the vivid lessons, and make worthy contributions to building the country and defending the fatherland.

### **The Role of the State in Managing an Economic Market**

*923E0010H Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 92 pp 39-41*

[Article by Nguyen Van Thao, director of the Jurisprudence Research Institute, Ministry of Justice]

[Text] More than a year ago, TAP CHI CONG SAN published many important research articles on state economic management in order to clarify two principal functions: state management functions and production and business management functions. To date, the growth of the small and medium-sized enterprises in the private and joint economic elements, the joint ventures of domestic economic elements with other countries, and the policy of gradually selling shares in the state economy all require that the position and role of the state with respect to a developing economy be clarified even more.

The striking characteristic of the economy based on the old mechanism was the absolute role of the state. In that, the state organizations (ministries, general departments, people's committees, and specialized bureaus) were the ones who controlled economic relations. These organizations issued orders, did the work, handled the economic factors (materials, laborers, and capital), planned how to distribute the material goods, and resolved the disputes that arose among the state enterprises. With this mechanism, there was no need, or only a slight need, to manage the economy using laws, because these organizations did not see any need to use laws.

In a multifaceted economy that operates in accord with a market mechanism, the state is no longer the direct master of commercial relations. Instead, it plays a higher role, setting guidelines at the macrocosmic level for all production, distribution, and circulation activities in society.

Here, the business freedom of citizens is the striking point in the new economic policy. Economic relations are interwoven, rich, and complex. The situation is at times very tense and even confused, and many civil servants have become corrupt. The problem is to create an environment and common path for the activities of the economic elements. Satisfying this requirement must be done by relying on the law. We must base things on the law in order to control the economy.

The state controls the economy mainly through the system of regulations on various types of corporations and enterprises. For each type of organization, such as a limited corporation, a joint corporation, a share capital corporation, and so on, clear decisions must be made about various conditions: the participants, method of gathering capital, method of control, the division of profits, tax levels, workers and wages, the responsibilities of the members if the entity goes bankrupt, and so on. The activities of these organizations is both a process of enjoying commercial freedom in accord with the law and a process of implementing an accounting and statistical system

under the strict control of the state accounting organization. Violations of accounting and statistics procedures, even if there are no signs of theft, corruption, or tax evasion, must be regarded as violations. If there are many such cases, the possibility of criminal responsibility must be investigated.

Taxes are a manifestation of the main management process of the state with respect to the commercial organizations. Through its tax policies, the state guides commercial activities by encouraging or limiting activities and expanding and blocking activities. Through taxes, the state evaluates the work results, the growth and dangers of debt, and the bankruptcy of the commercial organizations. Setting tax categories and tables, calculating and levying taxes, and paying taxes must be fixed in a very scientific manner in order to oppose the negative phenomena and corruption of today.

A system of responsibilities in business, from civil to criminal responsibilities, and relationships between parties in labor contracts, commercial contracts, service contracts, and so on must be clearly stipulated in order to elevate wholesome business based on the law and to harshly punish crime, corruption, and fraud in business.

Special courts (economic courts, administrative courts, labor courts, and so on) corresponding to the formation of a system of responsibilities in business must be formed with different powers and procedures in order to resolve disputes, handle violations, protect the legal rights of the commercial organizations, and create an effective managerial order having the full authority of the state.

At a time when the economic and social structures are changing, along with establishing special courts, the present people's courts and the people's organs of control must be reorganized in order to ensure that these organizations are suitable and have sufficient stature in managing the economy and society in accord with the guidelines of a jurisdictional state.

Recently, the state's economic management role in an in-kind, state subsidies, and command economy, which had been manifested very narrowly in directly managing the state enterprises, has been expanded to all of society. This role, from being limited primarily to the administrative organizations (ministries, people's committees, and specialized bureaus) has now expanded to the entire apparatus: The National Assembly makes laws, the supreme court is the highest judicial organization, and the government is the highest executive organization.

The role of the government in a market economy is of decisive importance in maintaining equality before the law throughout society and limiting and overcoming the inherent weaknesses of a market economy that could easily lead to inequality. The government must regulate things at the macrocosmic level and correct the imbalances of the market economy. Together with the organizations, the government must maintain legal order and a set of socialist ethics, and oppose the contrary material motives of a market economy: the "mafia," smuggling, bogus goods, the destruction of the environment and resources, and so on.

In a market economy, the government is the entity that maintains the value of the currency, creates a balance for the economic activities of all of society, maintains national reserves, guards against fluctuations, adjusts imbalances, and maintains general stability.

With its credentials as the highest administrative organization, the government is responsible for maintaining and expanding the national budget, implementing social programs, building public welfare projects, aiding public-interest activities, and building the armed forces and ranks of civil servants with the strength and ability to manage the economy. Based on this, socialist democracy must be developed.

Viewed from the above perspectives, we can see that along with its class nature and its credentials as a class organization, the state is a civilian management organization. The state is responsible to all the people with respect to the development of the country. It must take steps to ensure that every citizen develops (without regard to which class they belong). The state must carry out the tasks entrusted to it by the people, because it is the people who created the state.

In a market economy, how will the state manage the state economic organizations? Will it continue to implement a centralized, state subsidies system or switch to a system of self-control with respect to financial matters? What can be done to ensure that the state carries out its tasks without interfering in business? In history, a number of countries that have developed in accord with the capitalist system have organized a state-operated economy and established state enterprises, enterprises that follow orders, receive in-kind norms, and that are fully subsidized by the state. Thus, a state-operated economy is not a special characteristic of a socialist economy. A state-operated economy cannot be equated with socialism. In Vietnam, the organization of an economy that is directly managed by the state is similar to that in many other countries. Experiences in many countries (regardless of their political system) show that the management of the state enterprises often has the following shortcoming: It is easy to destroy material incentives and create waste (state assets become ownerless items). But if the state-operated organizations are abandoned, as reality has shown, it will not be possible to maintain a directed economy or economy with state control.

So that the state can carry out its management role well with respect to the state economic organizations, these organizations must be divided into three groups:

The first group includes production, construction, and service enterprises and units that serve all of society (such as public health installations that fight social diseases, city projects, public parks, infrastructural economic installations, and general education, cultural, and mass media installations). With its credentials as the organization that controls society, the state must use the wealth and material resources obtained through tax collection and a number of other activities to do various things such as manage things in general, implement public welfare projects, and support the apparatus. In these spheres, there are few private individuals because profits are small. If private individuals want to carry on activities in these spheres, they must sign

contracts with the state. Thus, in general, the installations in this sphere are state organizations that operate in accord with the plans and that have been provided with conditions (materials, labor, capital, and so on) by the state. However, even though these organizations do not carry on commercial activities based on a market mechanism, they do not operate based on a wholly state-subsidized mechanism as in the past. There will be a separate legal system for these organizations based mainly on the administrative laws.

The second group consists of state enterprises that operate in the various spheres and that operate in accord with the market mechanism. These enterprises can be wholly-owned state organizations or share corporations that have mixed ownership: state enterprises in conjunction with private individuals, state enterprises in conjunction with cooperatives, state enterprises in conjunction with the family economy, state enterprises in conjunction with each other and other elements, and state enterprises in conjunction with foreign state-operated organizations or foreign individuals. This group of enterprises operates in accord with the general legal system just like the enterprises belonging to other economic elements based primarily on the civil code and commercial laws.

The third group consists of production, construction, and service enterprises and units belonging to the national defense and security forces. Because of the special characteristics of the activities aimed at defending the fatherland and maintaining internal and external security, these organizations must be divided into two subgroups: One operates in accord with the legal system just like the first group of organizations (they do not operate based on a market mechanism but neither are they fully subsidized by the state as in the past). The other operates like state enterprises based on a market mechanism.

The role of the state in managing a market economy is a new problem. This is manifested in part in the revised draft constitution, concerning which ideas are now being obtained from all the people. This is also manifested in the laws organizing the National Assembly, government, courts, and organs of control.

Urgent attention must be given to establishing adequate economic regulations and passing concrete civil and commercial laws and regulations on state enterprises, private enterprises, and share corporations and laws on enterprises that go bankrupt. It is hoped that 1992 will be a year of great significance in promulgating such laws.

### Reflections on Discipline and State Law

923E00101 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 92 pp 42-43

[Article by Nguyen Van Loc]

[Text] It can be said that never before has our country had so many laws and legal documents as it does today. There is much talk and activity about the law. But this is a just a farce. In Vietnam, never have the laws been so ignored as they are today, and never before have there been so many disciplinary violations and violations of state law as there are today.

At the 10th session of the 8th term of the National Assembly held in December 1991, many National Assembly delegates pointed out that negative phenomena and violations are occurring at an alarming rate. The worst thing of all is corruption.

The people of the entire country have warmly welcomed and promoted the struggle against corruption based on Council of Ministers' Decision 240, but in handling this problem, there are clearly problems. Based on figures compiled by the state, the damage done by corruption is very great. The press has exposed many cases in great detail, but although much time has passed, people have not been prosecuted or the matter has never been resolved. Many people have obviously committed a crime but they have not been arrested or have just been shifted to another position. There are many people who should be prosecuted in accord with the law and sent to prison and whose ill-gotten assets should be confiscated by the state, but they are given light sentences. Or their cases are handled internally, and they are then allowed to retire and keep the assets. In many serious cases involving smuggling and the production and sale of bogus goods, the courts simply give the defendants a suspended sentence. Inspections conducted by the People's Supreme Court in a number of localities found that 60-70 percent of the defendants who have committed such crimes have been given a suspended sentence. In some places, the rate is as high as 80 percent. And almost all of the smuggling cases involve cadres, party members, and state employees. There have even been cases of smuggling and the production and sale of bogus goods that were organized or controlled by various agencies and mass organizations. Many people have sarcastically said that "the laws are a mockery of the law." At the recent 10th session of the 8th term of the National Assembly, many National Assembly delegates harshly criticized this lax prosecution.

It's very clear that an important reason for the lack of discipline and violation of state laws is that party discipline and state laws are being ignored. These are being slighted by the state organizations and by the people with the jurisdiction to handle cases. These organizations and people have given themselves the right to stand above the law and to decide or resolve matters in any way they want. But the dialectical law of life is: lower echelons imitate higher echelons, and criminals will wait and see what the attitude of the law is. If resolute action is not taken in a case or a criminal is not punished harshly, many other cases will be dealt with lightly and many people will get ready to commit crimes or continue to commit crimes, especially with today's market mechanism.

This explains why the struggle against corruption and smuggling and the struggle against many other criminal activities have not achieved the desired results. This also explains why many of the positions and policies of the party and state have not been implemented seriously and why many localities regard themselves as separate kingdoms that can do whatever they want, with lower echelons disregarding the decisions of higher echelons.

If there is a lack of internal discipline and state laws are not adhered to strictly within, this will lead to negative phenomena and violations of the state laws in society. It will not

be possible to suppress fraud, theft, gambling, drug use, prostitution, the illegal construction of housing, the illegal use of sidewalks, violations of the communications laws, and so on, and in some places such criminal activities will increase. An important reason for this is that a number of cadres, party members, and employees in functional organizations do not see the importance of maintaining discipline and enforcing state law, and they lack responsibility. In many cases, they have "reached an agreement" so that "both side benefit." The lack of discipline and violation of state laws is one reason why honest people have lost confidence in the leadership of the party and state. Unless something is done about this soon, this will have a bad effect on political stability.

Our party and state have advocated resolutely reestablishing order and maintaining party discipline and enforcing the laws of the state. One of the lessons to be learned from the collapse of many of the socialist countries is that party discipline must always be maintained and state laws must always be enforced.

A very important problem today is to profoundly change thinking about the law and about the need to strengthen the law. Elevating the spirit of ownership and expanding democracy is correct, but ownership and democracy must go hand in hand with the law and be based on the law. There must not be extremist democracy or anarchic ownership in which people are free to do whatever they want. Put another way, the law must be elevated. The state must strengthen its control using the laws. We must criticize right-win deviations, laxity in management, and the lack of boldness in struggling against and handling negative phenomena and violations of the law. During the present period in which we have a market mechanism, enforcing the laws strictly is even more important than before.

In the struggle to strengthen the law, the party and state organizations and mass organizations must increase their activist role and set an example. Our people have long said:

Beloved younger brother, your older brother has kept you in his heart. Regarding official affairs, let public law handle things.

Cadres and party members, regardless of their position, who have engaged in corruption or smuggling or committed some other crime must, depending on their crime, be prosecuted in accord with party statutes and state laws. In the present situation, if people in high positions commit a crime, they must be punished harshly in order to educate and warn others. Those who intentionally abet and cover up for those who commit a crime must be dealt with appropriately. The party and state organizations with jurisdiction must uniformly issue decisions prohibiting the internal handling of cases that must be dealt with in accord with the law. Bureaucratic and irresponsible elements, those who abuse their powers, those who engage in corruption, and those who oppress the masses must be resolutely expelled from the state organizations.

The judicial organizations must give attention to the present political requirements in order to have viewpoints on resolutely prosecuting those crimes now worrying society, such as theft, robbery, murder, corruption, smuggling, and the production of bogus goods. Criminals must not be given light sentences. If necessary, the Council of State should ask the National Assembly to supplement or revise a number of articles in the Criminal Code. At the same time, the state should soon promulgate additional economic laws and create a synchronized system of laws so that the judicial organizations can carry out their work better.

Another important problem is that the agencies and mass organizations must give real attention to internal management. There must be plans and measures to control the work, quality, and way of life of the cadres, party members, and workers. Illegal activities must be dealt with and blocked promptly so that minor matters do not become serious. It can be said that never before has the management of cadres and personnel been so loose as it is today. Countless negative matters have occurred among our cadres, party members, and civil servants in recent years. An important reason for this is the laxity in managing people.

In order to maintain discipline and enforce state laws strictly, the organizations with jurisdiction must regularly conduct inspections to see if the positions and policies of the party and state, particularly the economic positions and policies, are being implemented. After each inspection, clear conclusions must be reached instead of making superficial observations. At the same time, attention must be given to reexamining the policies and decisions about which many people have ideas and promptly supplementing and revising them as appropriate so that greedy and opportunistic elements cannot make use of the loopholes. Dynamism and timeliness are essential, but that does not mean that things must not be considered carefully before promulgating a policy or making a decision.

Maintaining discipline and enforcing the state laws is a very important requirement, particularly in the present situation. Only by doing this will we be able to create the motive force necessary to promote the implementation of the resolutions of the seventh national party congress.

#### **The Thai Binh Party Organization Has Matured in Renovation**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 92 pp 44-46

[Article by Vu Phong; not translated]

#### **Creating Jobs for Laborers at the Hang Kenh-Haiphong Carpet Corporation**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 92 pp 47-50

[Article by Huu Duc; not translated]



### On Organizing a State Enterprise Federation

923E0010J Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 92 pp 51-55

[Article by Vu Xuan Kieu]

[Text] The resolution of the Second Plenum of the CPV Central Committee (Seventh Term) stated that "the stipulations on organizing enterprise federations and general corporations in accord with the new mechanism must be revised, the principle of voluntariness, equality, and mutual profit must be adhered to, and no distinction should be made among the ownership relations of the member enterprises. Those enterprise federations that are operating like middlemen must be disbanded immediately."

In order to contribute to understanding and implementing this correct policy, TAP CHI CONG SAN recently organized a scientific and practical seminar on organizing federated enterprises. Attending the seminar were a number of theoretical researchers, a number of leading cadres and economic specialists, and a number of general directors and directors of enterprise federations. In an atmosphere of frank and serious scientific discussion, those attending the seminar concentrated on discussing and debating three main issues:

Evaluating the real situation of the enterprise federations in our country in the past period.

An enterprise federation model, and their position and function in the economy.

Guidelines and ways to reorganize the enterprise federations.

1. Evaluating the real situation of the enterprise federations in our country in the past period:

This is one of the very complex problems, because people, with different perceptions, have different ways of looking at and evaluating things. Ordinarily, the general directors of the enterprise federations mention the positive aspects and the need to have enterprise federations. But enterprise directors say just the opposite. Scientists and researchers have a more general way of looking at and evaluating things, but even among these people, there are differences of opinion about the role of the enterprise federations.

Thus, how should this be evaluated in order to reflect the actual operations of the enterprise federations in recent years and, based on that, put forth methods for reorganizing the federations in the coming period?

The majority of the people attending the seminar said that to correctly evaluate the operations of the enterprise federations in recent years, the evaluations must be based on the concrete historical conditions of each period of building and developing the economy based on the lines of the party.

It can be said that during the state subsidies period, with the functions and tasks assigned them, many of the enterprise federations played a positive role in formulating projects and plans to expand the commercial production of the economic and technical sectors, put the scientific and technical advances into production, carried on distribution well,

supplied materials, used products, created conditions for the member enterprises to fulfill the norms in the state plans, gradually improved the lives of the cadres and workers, and satisfied the obligation of making contributions to the state budget. Many enterprise federations made important contributions in participating in state management activities by sector as ordered by the ministry in charge.

In recent years, with our country's economy gradually shifting to a market mechanism, although many difficulties have been encountered, a number of enterprise federations have, together with the member enterprises, maintained their markets, provided capital and materials for production, renovated some of the equipment and technology, and improved product quality. This has increased their ability to compete and created a spot for them on domestic and foreign markets.

Along with evaluating the results achieved by the enterprise federations, those attending the seminar analyzed the organizational and managerial limitations of the enterprise federations. The following are a number of the main limitations:

First, in general the enterprise federations are still confused about switching mechanisms and have not clearly manifested their nature as commercial production organizations on the scale of a sector, zone, or locality. A number of enterprise federations still view themselves as the higher echelon of the enterprises and as the management echelon between the ministries and the enterprises. Management still has a command nature, entry and exit prices are still imposed on the member enterprises, member enterprises are blocked from approaching the markets, and in some places, the enterprise federations still try to mobilize capital by contributing obligations to their speculative ventures without the member enterprises being aware of this.

Second, they have not done a good job in organizing things, dividing the work, and coordinating activities within the federation. They have not satisfactorily handled the profit relationship between the federation and the member enterprises and between the member enterprises themselves. Because of this, the already fragile relationship between the federation and the member enterprises has become even more fragile.

Third, in switching to the new management mechanism, only a number of enterprise federations are operating effectively. Many of the federations remain stuck in the old ways. They continue to rely on higher echelons and are exploiting the loopholes in the new mechanism and policy in order to make a profit, such as obtaining capital and materials from the state and forming service enterprises not in order to support production but just to maintain the federation apparatus. This has caused difficulties for the member enterprises and wasted state funds.

Fourth, the fact that the management relationship between the enterprise federations and the ministries (provincial people's committees and bureaus) and the member enterprises is unclear has led to the ministries interfering too



deeply in the commercial activities of the federations, and the federations have performed state management functions in place of the ministries.

Those attending the seminar said that there are many reasons for the poor results of the enterprise federations as discussed above. But a number of the main reasons are as follows:

1. Because of imitating the economic development model of East European countries, we have built too many state enterprises (approximately 12,000 enterprises). The state cannot manage all of these directly but must do so through the enterprise federations. This has led to the formation of many enterprise federations and general corporations, and these have been transformed into an echelon that carries out state management functions (to different degrees).

2. Because they did not originate from the needs of production, now that we are switching to a new mechanism, many enterprise federations have become superfluous and no longer have a place in the economy. On the other hand, the subjective desire to immediately form large-scale economic units (enterprise federations) at a time when technical standards are still backward has led to inconsistency between the forms of commercial production organization and the level of development of the production forces. This conflict existed during the state subsidies period, but now that we are switching to a market mechanism in which the primary-level economic units have the right to manage their own commercial production activities, this conflict has become even more serious. Thus, those federations that are not suited to the new mechanism will, sooner or later, be eliminated because they no longer have any influence on the member enterprises. This is the reason why in recent years many member enterprises have wanted to separate themselves from the enterprise federation.

3. Switching to a market mechanism and giving the primary-level economic units the right to manage business activities has resulted in a change in the functions of the enterprise federations. But in reality, the activities of the federations are still bound by the old stipulations. For example, the stipulations in the Enterprise Federation Statutes on assigning plans, giving orders, supplying materials, and guiding and controlling the setting of prices and a number of other specific policies still bear the marks of the bureaucratic centralism and state subsidies mechanism and the rather deep interference of the state in business activities and limit the right of the primary-level economic units to manage things themselves.

A very pressing problem is to discover the limitations and the reasons for the poor results of the enterprise federations. However, we cannot stop at examining past problems. What is even more important is to find contents and development guidelines for the organizational and managerial model of the future.

II. An enterprise federation model, and their position and function in the economy:

1. Is the formation of enterprise federations an objective necessity?

Although the criticisms of the inferior operations of the enterprise federations differed in degree, in general, after analyzing things, those at the seminar affirmed that the development of an objective economy demands that enterprises establish joint business relationships in order to fully exploit the potential, which is something that individual enterprises cannot do or that they can do to only a very limited degree.

Centralization is a basic form of the process of production socialization, above all in the industrial sector. This form follows two paths: accumulating capital in order to expand the scale of commercial production in each enterprise, and linking many enterprises to form one economic unit having a larger scale. It can be said that the enterprise federations are in essence a type of production federation. They exist objectively in all countries under different names but with the same contents concerning commercial production operations.

In developing a multifaceted commodity economy based on a state-controlled market mechanism, joint economic organizations such as today's enterprise federations can still be regarded as a suitable form of organization that has the nature of the centralization process and that can improve economic results. This depends on the level of development of the production forces and the improvement of the management mechanism. Or to put it another way, the formation of joint economic organizations must start from the needs of production. These organizations can be commercial companies, corporations, or general corporations. The important thing is to clearly determine the tasks, functions, targets, and effects of the organizational model chosen.

2. The name, position, function, tasks, and principles of joint commercial organizations (enterprise federations, companies, corporations, general corporations, and so on):

a. Name:

Most of the people attending the seminar proposed that the name enterprise federation be changed to general corporation, corporation, or commercial company, because the name enterprise federation can easily mislead people into thinking that this is a management echelon. Furthermore, in economic terminology, enterprise federation is not synonymous with commercial company, general corporation, or corporation, and because of this, if foreign businessmen are to understand, we have to go to the trouble of explaining things.

b. The position and functions of enterprise federations:

A number of people said that in the initial stage of the transitional period, enterprise federations not only had commercial production organization functions but also state management functions. Others said that the function of enterprise federations as commercial production organizations should not be stressed. Rather, they should be viewed mainly as service organizations.

Contrary to the above opinions, some people at the seminar said that as enterprise federations, these federations should not undertake state management functions or perform services only. Almost everyone there agreed with the contents

of the State Enterprise Federation Statutes, which consider state enterprise federations to be commercial production organizations that have been voluntarily established by state enterprises having a close relationship with each other in the reproduction process. Based on this spirit, the enterprise federations are not intermediary administrative management organizations or a higher echelon of the enterprises. The enterprise federations and enterprises are all commercial production organizations with the credentials of juristic entities that are equal to each other in a linked relationship.

c. The tasks of the enterprise federations:

Because there are different ideas about the functions of the enterprise federations, there are also different opinions about the tasks of these organizations. However, based on the views expressed by the majority of the people at the seminar, a number of the main tasks of the enterprise federations are:

To formulate a development strategy for the entire federation. This strategy must clearly manifest targets of the entire federation and of each member unit. Based on the general development strategy, they must formulate plans for assigning product production work in a rational manner based on coordinating specialization with integrated commerce and improving the commercial production results of the entire federation and of each member enterprise.

To organize and link the supply of raw materials and the distribution of the main products and enable the member enterprises to adjust to the markets.

To study the capabilities for using the scientific and technical advances and renovating techniques, organize basic and applied scientific research centers, study processing and supplying information on markets and prices in an accurate and timely manner to the member enterprises, formulate intensive investment plans, and seize the best opportunities to implement these plans.

To propose plans for renovating organization and management throughout the federation and in each member enterprise and establish centers to train cadres and technical workers for the member enterprises.

d. Principles of formation:

The following are a number of principles mentioned in many of the reports:

1. The formation of enterprise federations, commercial companies, general corporations, and corporations must be based above all on the principle of voluntariness, equality, and mutual profit. The basic theme of this principle is to allow the member enterprises to choose the form of economic relationship (including asking to join or leave) without pressure. Independent economic accounting must be practiced, and the profit relationship must be handled correctly in accord with the operating results of the member enterprises and of the entire federation. There must be democracy and equality based on having all members focus on productivity, quality, and results and having them implement the laws strictly.

2. There must be close coordination between specialization and variety (variety in terms of products, forms of organization, and the structure of the economic elements). The economic and technical sectors have different positions and roles and different technical standards, levels of accumulation and centralization, and managerial standards. Because of this, a suitable economic federation model must be designed, and steps must be taken to ensure that the reproduction process is carried on properly and brings good economic results.

Implementing this principle requires that the spirit of dynamism and creativity of each member enterprise be manifested to a high degree in order to create a "lucky compensatory effect" in the market economy with good business results.

3. Steps must be taken to keep the organization of enterprise federations, commercial companies, general corporations, and corporations from leading to the formation of monopoly organizations and limiting competition. Reality shows that the formation of monopoly organizations will lead to the monopolization of market prices and harm consumers and producers. With the exception of a number of special sectors linked to national defense and security, forms of monopoly commerce should not be maintained with respect to the other economic and technical sectors. (As for this problem, a number of people said that in the initial state, the state may have to monopolize business with respect to a number of types of essential goods.)

4. The reorganization of the enterprise federations must improve business results. This is the result of integrating the strengths of many enterprises, with the integrated result being greater than the sum of the separate results of each of the enterprises. Only if the integrated results achieved by the related organizations are greater than the individual results of each enterprise will it be possible to attract member enterprises and create new strength in stimulating the process of expanded reproduction.

III. Guidelines and ways to reorganize the enterprise federations:

A number of people said that the enterprise federations did not come into existence in accord with the law (they were premature) and so they have become an unnecessary intermediary element. Not only have they failed to stimulate the development of the member enterprises but they have also blocked this development. Because of this, according to these people, the solution is to disband almost all of the existing enterprise federations, maintaining only a few special enterprise federations such as the railroad, airways, and posts and telecommunications enterprise federations.

Taking an opposite viewpoint, a number of people said that the enterprise federations came into existence in accord with the laws of the centralization of production. The present limitations of a number of enterprise federations did not originate from this form of organization but because of our failure to determine a correct operating mechanism for this. Because of this, the majority of enterprise federations

should not be disbanded. The important thing is to reorganize them and stipulate policies and tasks in accord with the new mechanism.

The majority of those at the seminar said that the matter of reorganizing the state enterprise federations in a rational way must be based on the theory and practice of economic renovation in our country. Actually, in forming state enterprise federations in Vietnam, we both started from the objective requirements of the economy and engaged in subjective voluntarism, imitating and imposing the management models of former East European countries. In such conditions, we must reorganize the state enterprise federations based on the principles that we have put forth. We cannot simply say that we are going to disband or keep this or that enterprise federation. The problem is to implement appropriate measures based on putting enterprise federations into two categories, federations that are profitable and those that are not profitable. On the other hand, in switching to a market mechanism, the market will help us eliminate those enterprise federations that are operating at a loss and that are acting like an intermediary echelon. Or to state this another way, the market will maintain the efficient and eliminate the inefficient.

Naturally, the reorganization of the state enterprise federations will be influenced by the state based on the laws. At the same time, the law of competition will determine the rational survival of linked organizations.

From posing the issue this way, almost all of those at the seminar proposed:

Joint business organizations should be formed based on the type of mother corporation (the largest corporation will serve as the head, and the members will be subsidiary corporations). In these corporations or general corporations, there will not be just state enterprises but also enterprises belonging to other economic elements that volunteer to participate. Joint business forms such as contributed capital can be expanded, or there can be a switch to a share economy form.

Reorganizing the state enterprise federations must be based on reorganizing the state enterprises, because the existing enterprise federations consist only of state enterprises. Once the ranks of state enterprises have been thinned, particularly those that have been operating at a loss for a long time, the number of enterprise federations consisting of these members will decline.

The macrocosmic management policies of the state must be renovated, and conditions and environments in which the joint organizations can operate must be created.

As for the state enterprise federations that are directly controlled by the state (rigid enterprises), the state must provide capital, materials, and the necessary conditions for these units to operate. If they are allowed to drift as in the past period, these enterprise federations will not be able to survive in a competitive environment.

With respect to joint organizations that consist of many economic members, the state must create the conditions and environments for them to operate by promulgating and perfecting the laws (such as the bankruptcy law, the labor law, the ownership law, and the enterprise law). At the same time, there must be a rational tax policy, a policy to stimulate the production of export goods, and a currency and credit policy. The wage system must be reformed, and it must be ensured that the cadres, workers, and civil servants live primarily on their wages.

Along with reorganizing and strengthening the ministries and various-echelon people's committees, the state management functions, powers, and responsibilities of the organizations responsible must be clearly defined. (Many people said that management by administrative ministries should be abolished immediately and replaced by management by sector ministries.) Only by clearly distinguishing state economic management functions from commercial production functions will it be possible to manifest the commercial independence of the enterprises to a high degree and limit unnecessary interference by the ministries and people's committees in the legal commercial activities of the enterprises to a minimum.

**A Mechanism for Voicing Opposing Views**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 92 pp 56-57

[Article by Tung Luong; not translated]



### Implement State Enterprise Bankruptcy Measures

923E0010K Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 92 pp 58-59

[Article by Huynh Tu, Institute of Long-Term Planning and Allocation of Production Forces (southern branch)]

[Text] To date, only a general outline has been proposed for implementing a bankruptcy system for enterprises that have been operating at a loss for a long time. Articles 24 and 17 of the Corporation Law and Private Enterprise Law passed by the National Assembly on 21 December 1990 state that "corporations (private enterprises) that have encountered difficulties or suffered losses...to the extent that they cannot pay their debts on time are corporations (private enterprises) that are in a state of bankruptcy. Such corporations (private enterprises) can be declared bankrupt. The bankruptcy procedures are to be implemented based on the stipulations of the bankruptcy law."

Based on initial surveys and evaluations concerning the operations of the state economic sector in Ho Chi Minh City, 31 percent of the units are operating at a profit, 53 percent are breaking even, and 16 percent are operating at a loss and either have gone or are going bankrupt. Based on this, there have been many ideas on dissolving enterprises. Some have said: Can state enterprises implement the bankruptcy measures, and if so, how should this be done in the process of switching from the old mechanism to the new mechanism?

As we know, with respect to private enterprises, collectively owned enterprises, and even joint ventures between our country and other countries, implementing the bankruptcy measures is something that is easily accepted. But with respect to state enterprises, unanimity is difficult to achieve. There are various economic and social reasons and psychological factors.

In the past, we never posed the issue of allowing state enterprises to go bankrupt no matter how large their losses. People even said that the existence of the state enterprises was a manifestation of the superiority of the socialist economy. In actual operations as well as in conceptual understanding and theoretical research, the concept of "bankruptcy" is usually applied only to an economy in which private ownership holds a controlling position, particularly in a capitalist economy. Stated another way, the concept of "bankruptcy" is related to the sphere of ownership and not to the results of the enterprise's commercial production operations, and this is what really determines whether or not an enterprise should be allowed to go bankrupt.

State enterprises are assets of all the people, and they are owned by all the people, with the state serving as their representative. Allowing a state enterprise to go bankrupt actually means allowing some of the assets of all the people and society and, most directly, of the state to be lost. It's true that when a state enterprise goes bankrupt, the people who are affected first are the people at that enterprise. But because that enterprise is an asset of all the people, every member of society will suffer a loss. The only thing is that that loss has an abstract nature and does not directly affect

the assets of a specific unit or individual. This has led people to think that allowing state enterprises to go bankrupt will not have a positive effect and that that issue should not be raised.

Today, at a time when the operations of the entire national economy and of each primary level economic unit are switching to a market mechanism regulated by the state, the above viewpoint is no longer appropriate. In a market economy, if there is no competition, there will not be any economic emulation. And without economic emulation, there will not be any motive to expand production. For this reason, I think that the bankruptcy measures must be implemented in the case of state enterprises, too.

So that implementing the bankruptcy measures with respect to state enterprises manifests an effect, the first thing is to perfect the system of all-people ownership and enable this ownership system to really have owners instead of being "ownerless" like today. At the same time, we must clearly distinguish the reasons, both subjective and objective, that cause state enterprises to suffer losses. The losses of a number of state enterprises may stem from the fact that those commercial units do not operate efficiently, or this could be due to the economic and social policies of the state. If too many state enterprises are suffering losses because of the "policies," implementing bankruptcy measures with respect to the state enterprises will not resolve the difficulties or have a positive effect. Thus, along with perfecting the ownership system as mentioned above, the position, role, and scale of the state economy must be reexamined, with the state economy given a proper position in the economic development of the country. The "Report of the Party Central Committee, Sixth Term, on the Documents Presented at the Seventh Congress" pointed out that "the state economic sector must be reorganized, management techniques and organization must be renovated, business activities must be profitable, the various sectors must be linked and helped, and the guiding role and function of the state's macrocosmic management tool must be implemented. With respect to bases that do not need to maintain a state-operated form, their form of business or form of ownership should be changed, or they can be dissolved."

A socialist state regulates, controls, and guides the economic and social development of the country using two types of tools: a system of laws and economic and social development policies and its own economic forces—state enterprises. Because of this, in today's conditions, the state economic sector cannot be allowed to decline. Instead, the guiding role of this sector must be manifested in implementing the economic and social development tasks of the country. However, this is not synonymous with the presence of too many in terms of number and overly large in terms of scope of operations while being inferior in terms of quality and economic results, which is the case with many of the state enterprises today. I think that with respect to the state economy, along with implementing the policy of developing a multifaceted commodity economy in a synchronized and unified manner, the structure and scope of operations of this must be reorganized so that the state has the strength to invest in essential bases and important projects. Steps must

be taken to gradually limit and eventually eliminate giving preferential treatment so that the state economy can operate more effectively. In industry, the state economy should maintain only a number of leading enterprises in a number of key sectors. As for the rest, the state should quickly sell shares in them, privatize them, or lease out business activities or joint production enterprises, even with other countries. Only in this way will the state be able to recover a number of assets so that it can invest in infrastructural projects that other economic elements cannot invest in and earn taxes for the budget, with the possibility of earning an

even greater amount. Based on reducing expenditures and increasing revenues, the state will have the material conditions to handle the social tasks.

Implementing the bankruptcy measures with respect to state enterprises must be done within the framework of the entire renovation process. This must be done in a synchronized manner on the economic, political, and social fronts. This is not simply a matter of promulgating a law on dissolving state enterprises, even though we still don't have such a law.

**Vietnam and the General Trend in the Asia-Pacific Region**

923E0010L Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 92 pp 60-61

[Article by Dinh Nho Liem]

[Text] In the new international situation, the Asia-Pacific region is becoming more and more important. With its special geographical position and abundant resources and manpower, the Asia-Pacific region is becoming a center that is attracting the attention of the world. At a time when Europe, which developed earlier, is encountering difficulties because of the changes in the (former) Soviet Union and the East European countries and the world economy in general (including the Western countries) is entering a recession, the countries in the Asia-Pacific region are basically stable. Many economists predict that the Asia-Pacific region will have a great effect on the future economy of the world.

Politically, except for members of the Commonwealth of Independent Nations, which are experiencing difficulties, other countries such as India, China, the United States, Japan, Indonesia, and the other members of ASEAN are generally stable, and they are playing a more and more important role in international relations. Economically, Japan, China, the "Small Dragons," and a number of the ASEAN countries are continuing to develop at a rapid pace. Some people predict that by the year 2000, the gross value of national output of the various regions in Asia, not including Japan, will reach \$5 trillion, which is equal to one-fourth of the present gross national product of the entire world and almost equal to the gross value of national output of the United States and which exceeds that of the European Community.

The struggle and cooperative tendencies in the peaceful environment in Asia and the Pacific are increasing and creating many small zones from north to south. Economic and trade cooperation within each zone is expanding. Recently, there were a number of important events, such as the signing of the Paris Agreement on Cambodia, the matter of South and North Korea joining the United Nations and signing a non-aggression pact, the normalization of relations between Vietnam and China, the improvement of relations between China and India, the improvement of relations between the ASEAN countries and the three Indochina countries, and the matter of Japan playing a greater economic and political role. These changes are creating new opportunities for economic cooperation in the region. Bilateral cooperation between countries in the region is increasing, too, which is creating favorable conditions for broad cooperation in the entire region. There have been suggestions concerning cooperation in the smaller zones and throughout the Asia-Pacific region. (Examples are Malaysia's proposal on establishing an East Asian economic zone of cooperation and ASEAN's target of establishing a free trade zone among the countries of Southeast Asia within the next 15 years.) To develop, there must be peace and close cooperation among the countries based on a respect for the independence and sovereignty of each other, fairness, and

mutual profit. Steps must be taken to eliminate the inequalities in economic and commercial relations. Political independence must go hand in hand with economic independence.

With the renovation line of the sixth and seventh party congresses, to become a secure country in terms of security and national defense and an economically and socially development country, we must formulate a policy on Asia and the Pacific as if this were one of the priorities of our diplomatic guidelines. Every country that wants to maintain its independence and develop its economy must give attention to policies regarding its region. In Vietnamese terminology, our "close neighbors" play a very important role in international relations. Vietnam holds an important position in Southeast Asia. We face the eastern ocean and have a long coastline. We have many islands and archipelagoes located along strategic routes from the east to the west and from the north to the south. Vietnam has had relations with a number of countries since ancient times. With its internal and external renovation line, Vietnam is striving to take timely advantage of the new changes in international relations and in economic and scientific and technical development. People in Southeast Asia and the Asia-Pacific region have said that Vietnam holds an important position in this region. Friends near and far hope that Vietnam will manifest a role in the matter of peace, independence, and cooperation in Asia and the Pacific. Vietnam's strong point is that it is politically and socially stable, but its economy is weaker than that of other countries in Southeast Asia. There are many things that we must learn from these countries in order to make appropriate use of them in our conditions. We can mention a number of the principles in the policy on the countries in Asia and the Pacific:

Respect the independence and sovereignty of each other and do not interfere in each other's internal affairs.

Fair cooperation and mutual profit in the economic sphere and other spheres so that each country develops on its own path and so that all develop together. Coordinate the interests of each country with the interests of the entire region.

Understand and trust each other, show good will, forget the past and look to the future, solve the long-standing and new problems through peaceful negotiations and do not use or threaten to use weapons.

The normalization of relations between Vietnam and China, the contacts between our leaders and the leaders of other countries, and the non-governmental contacts have manifested the above principles quite clearly. The success of the visits to Laos, Indonesia, Thailand, Singapore, Malaysia, the Philippines, and Brunei by Vo Van Kiet, the chairman of the Council of Ministers, and other recent visits have shown that there are good prospects for cooperation between Vietnam and the other countries in this region.

Politically, we advocate solidifying our solidarity and renovating cooperation with our old friends, expanding cooperation with those countries with which we have recently normalized relations, and promoting the normalization of relations with countries with which we do not have normal

relations. We must create the picture of a new Vietnam in the eyes of people in Asia and the Pacific. We must gradually improve the results of economic and commercial relations, create markets for our export goods, particularly our main goods, seek capital through cooperation and investment by a number of important targets in Vietnamese markets, and obtain new technology (the advanced technology of the world filtered through a number of Asia-Pacific countries whose conditions are similar to ours, which will make it easier to use here). We must gradually expand communications and posts and telecommunications with other countries, above all neighboring countries. Attention must be given to solving or putting aside long-standing problems such as border issues, ocean disputes, and a number of other problems left over from history or that have arisen just recently. This must be done in order to eliminate or greatly reduce those factors that hinder the development of relations between our country and other countries. Creating trust will require that both we and the targets make a great effort, but Vietnam must take the initiative and be flexible. It must be recognized that during the past several decades, there has been a lack of real trust between our country and many of the countries in this region. We have misunderstood each other's attitude. By both word and deed, we must actively do everything possible to create and solidify bilateral trust. We hope that other countries will respond. Vietnam has announced that it is prepared to sign the Bali Accord. In general, the ASEAN countries have responded favorably to this proposal. Vietnam, together with Laos and Cambodia, has actively contributed to turning Southeast Asia into a zone of peace, stability, and cooperation. On the other hand, we are also giving attention to relations with other countries in Asia and the Pacific. With respect to our foreign policy, as the seventh party congress stated: "Vietnam wants to be friends with all countries in the world community. We are struggling for peace, independence, and development." This line must be applied first of all to the countries in Asia and the Pacific. At the same time, attention must be given to relations with targets on the other continents. For many decades to come, the security and development of the

country will be closely related to the peace and development of the world, particularly in Asia and the Pacific. As compared with past decades, this is a very new problem. Building and defending Vietnam on its socialist path does not conflict with the interests of the other countries in this region. That will contribute effectively to the peace and development of Asia and the Pacific.

Formulating a policy on the Asia-Pacific region and on individual countries, actively looking for measures and forms to develop relations, and putting forth policies regarding each problem and measures to deal with these are very important, pressing, and long-term tasks that will require much study. Under the unified leadership of the party, there must be close coordination between the national defense, security, and foreign affairs sectors, and the relationship between security and an open door must be handled properly. Contributions by social and natural sciences cadre are very important in studying the differences between Vietnam and other countries, the spheres of cooperation, and the problems that must be dealt with. Applying new thinking regarding internal and external affairs, we must weigh things carefully when formulating policies regarding problems related to relations between Vietnam and other countries in the region in order to reach our highest goal, which is to develop our economy and society.

Headed toward a new horizon, we have many advantages, but we also face major challenges. With the traditions and intelligence of the Vietnamese people, following the path chosen by President Ho Chi Minh, our people will build a prosperous and strong Vietnam, and Vietnam will become a worthy member of a peaceful, independent, and developed Asia-Pacific region. As compared with the past struggle for independence and the unification of the state, today's tasks are much more difficult and complex. But Vietnam's future generations will certainly complete this historical mission.

#### **Chinese Agriculture After Contracting With Households**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 92 pp 62-63

[Article by Tran Dan; not translated]



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